

ACTA UNIVERSITATIS UPSALIENSIS
Uppsala Studies in Economic History, 68

Sofia Murhem

Turning to Europe

A New Swedish Industrial Relations Regime
in the 1990s



UPPSALA
UNIVERSITET

Dissertation for the Degree of Doctor of Philosophy in Economic History presented at Uppsala University in 2003

ABSTRACT

Murhem, S. 2003: Turning to Europe: A New Swedish Industrial Relations Regime in the 1990s. Acta Universitatis Upsaliensis. *Uppsala Studies in Economic History* 68. 250 pp. Uppsala. ISBN 91-554-5726-6.

This dissertation explores the transformation of the industrial relations regime in Sweden during the 1990s. Four areas are studied; industrial relations of the growing service sector, industrial relations of small enterprises, introduction of competition on industrial relations in telecommunications service and internationalisation of industrial relations in the metal sector and effects of re-regulation, showing that in the 1990s, the labour market regime of Sweden changed into a new regime, as a result of altered conditions caused by the third industrial revolution. The changes took place within a certain context and were governed by a strong path dependence. The internationalisation or Europeanization of the economy, foremost the upsurge in ingoing foreign direct investments, increased the Swedish industry's dependence on non-national actors and economy. The employers and the trade unions had strong incentives to come to an agreement (the Industrial Agreement in 1997), to achieve international competitiveness. The increasing dependence on (Western/European) trade and investments caused additional adjustments of industrial relations. The Europeanization of the political decision making process (EU membership) had also an impact, to which was added liberalisation, abandoning monopolies etc, but the effect were not as substantial as that of (economic) internationalisation.

Key words: Industrial relations, service sector, small enterprises, telecommunications sector, metal industry, trade unions, employers' associations, Europeanization, Sweden.

Sofia Murhem, Department of Economic History, Uppsala University, Box 513, SE-751 20, Uppsala, Sweden

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ISSN 0346-6493
ISBN 91-554-5726-6

Printed in Sweden by Elanders Gotab, Stockholm 2003
Distributor: Uppsala University Library, Box 510, SE-751 20 Uppsala, Sweden

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Acknowledgements

I know, you are supposed to begin by saying how hard it has been, and how you look forward to lead a more normal life after your doctors' degree etcetera. Well, I am sorry, but I have enjoyed myself immensely for most of the time these past few years. However, the reason why it has been so enjoyable is mostly the people I have got to meet and know. I cannot thank all of you, but some have been more important than others and I would like to acknowledge that.

To work with other researchers, often much more experienced than you, is both a challenge and an opportunity. During my first year, I worked with researchers from Bremen University and Linz University. I would like to thank Uppsala city and county board for financing the project.

I am grateful to my colleagues in the project on social norms in small enterprises, Adelheid Hege and Christian Dufour of IRES, Paris and Wolfram Wassermann and Wolfgang Rudolph of Büro für Socialforschung Kassel for stimulating co-operation and lovely meals, as well as the editor Jon Erik Dølvik and all other distinguished researchers of the *At your service* project for giving me my first real taste of research co-operation at its best.

The *Gloria* project on globalisation and regionalisation and its impact on the Nordic trade union movement was lead by (again) Jon Erik Dølvik, who put in an enormous amount of work. I am in debt to him, as well as to the other participants of the project, particularly Søren Kaj Andersen, Christina Colclough, Malin Junestav and Paula Blomqvist. Paula, you have been helpful, encouraging, critical and supportive. It has been a pleasure working with you.

These projects were financed partly or as a whole by SALTSA. In addition, I have part-taken in several SALTSA seminars. Thus, SALTSA has been invaluable to my work, and me but also for funding research in general on the European labour market. Torbjörn Strandberg of SALTSA has been great company and support both in Sweden and in various European countries.

Not only have I been fortunate in participating in projects, but also in being a part of the research programme Swedish Model in Transition (SMIF). I am indebted to my fellow colleagues of the programme for valu-

able comments during our seminars, but also for providing a rich and fruitful research environment. Without the generous support of the National Institute for Working Life, the research programme would never have been possible. It is difficult to imagine SMIF without Karsten Lundequist, who is invaluable with all his energy and enthusiasm. In addition, he is extremely helpful and a good friend.

I have had the pleasure to take part in a co-operation project (initiated by the always energetic Karsten) with Northern Jiatong University in Beijing, China. I would like to thank STINT for providing the funding, and my fellow travellers and Chinese PhD students within the programme, especially Guo Wenling in loving memory.

One of my most interesting and useful tasks has been to be the PhD students representative of the Council for the Renewal of Higher Education. I am grateful to all council members and staff, and I will always remember our trip to Australia (not only my missing luggage). You are certainly role models as university pedagogues!

The AMS project *The challenge of industrial restructuring* has been rewarding, not least because of the splendid work done by Lena Skiöld and Branka Likic-Brboric.

As the chairperson of SDok, the Swedish PhD students' association, for more than two and a half years, I had the benefit to work with PhD students all over the country. You all deserve thanks for what you do, and especially all of you involved with the Eurodoc conference in Uppsala 2001.

When writing this thesis, I have made several interviews. I appreciate very much all of you who shared your knowledge with me.

During my years as a PhD student, I have been fortunate to have Lars Magnusson and Jan Ottosson as my tutors. Jan, I cannot thank you enough for encouraging me to apply to the PhD programme and for giving me a taste for research by showing me how much fun it is. Lars, you have been a true benefactor, always finding new stimulating projects for me to sink my teeth into.

Someone thought Argentina would be a great place to have the 13th Economic History World Congress in. So did Hilda Hellgren, Kristina Lilja, Krim Talia and I. Unforgettable! After all, we have been riding on the Pampas (and eating dulce de leche, not at the same time though). Hilda has been a great person to talk to over the years.

My friends at the department have encouraged me, given valuable comments, chatted and generally helped me in many ways. With Göran Ulväng I have shared room, dreams, discussions and sometimes opinions. Apart from the above mentioned I would like to specially mention Peter Hedberg, Jenny Andersson, Julia Peralta and Mats Larsson. Without Birgitta Ferm and Lynn Karlsson the department of Economic History would turn into chaos. All of you who participate in Lars Magnusson's seminar have shared your time and knowledge.

Kersti Ullenhag have been supportive throughout my years as a PhD student and read the manuscript and provided valuable comments. Inger Jansson and Tomas Matti were my opponents when the manuscript was presented at the department's Higher Seminar, a task they fulfilled gloriously. I tried to take their words at heart, and if I failed, it is not because of them.

I am grateful to P.I.E.–Peter Lang, Arbetslivsinstitutet/SALTSA and Paula Blomqvist for their kind permission to reprint articles in this thesis and to Eija Lietoff Schüssler for designing the cover.

I will not end this by promising my loved ones to spend more time with them or work less or anything of the kind. That would be hypocrisy. Johan, my love, thanks for always being a brilliant (and interesting) person with a wonderful sense of direction. Gunilla, my sister, my greatest friend and support, without whom I would be lost (in all senses of the word). My parents, Kerstin and Carl Åke, who have always believed in me (much more than I do myself), this book is for you.

Uppsala, August 2003
Sofia Murhem

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Introduction

Few Swedish researchers have devoted their time to what Bruun defines as the classic fields of industrial relations research, i.e. the social partners (including the government), negotiations and collective agreements, labour market conflicts and their solutions.¹ This may seem like a surprising statement, as the flora of literature on for instance the Swedish model is considerable, as is the research on interest groups, such as trade unions.² However, few of the researchers have actually paid attention to the interaction between the different elements of the industrial relations system.³ The interest has rather been focused on the political system and the role of organisations within that system, for instance in research on corporatism.⁴ Nils Elvander has emphatically pointed out, that a comprehensive view, taking the entire system, or using the vocabulary Elvander advocates regime, into account, is almost entirely missing in Sweden.⁵

The regime notion has mostly used the bargaining system as point of departure. Two separate views, according to Traxler, have been predominant during the last ten years debate. The most influential one claims that the changes (of levels of bargaining) witnessed since the 1970s, are the result of altered preferences and technological and market driven changes, stemming from the shift from industrialist to post-industrialist society. The view is represented by for instance Iversen, Pontusson & Soskice 2000 and Iversen 1999. The other, less influential, argues that changes are the result of a struggle for power between actors, using ideological, rather than economic, driving forces as explanation. This view is supported by Thörnqvist 1999 and Traxler 2003.⁶ Both of these views, however, tend to emphasise the bar-

¹ Bruun, N. (2000) p. 266.

² For a recent and novel contribution to the research on trade unions in an economic context, see Gråbacke, C. (2002).

³ In an international perspective, the research field of industrial relations is considerable and has long traditions, beginning with Sidney and Beatrice Webb and their "A History of Trade Unionism" in 1894. For a comprehensive overview of the field, see Elvander, N. (2002a).

⁴ See for instance Rothstein, B. & Bergström, J. (1999) and Öberg, P. & Svensson, T. (2002).

⁵ For a discussion based on Elvander, N., see Nycander, S. (2002) pp. 438-441.

⁶ Traxler, F. (2003) pp. 1-2.

gaining system's role in shaping the industrial relations regime, while somewhat neglecting other factors. Such factors include the coverage of trade unions, employers' associations and collective bargaining, which in turn shape the conditions and possibilities of the bargaining system. By including them, a more comprehensive picture of the industrial relations regime emerges. It is hence possible to reveal complex reasons of regime changes.

Figure 1.1 Industrial relations' interaction and context

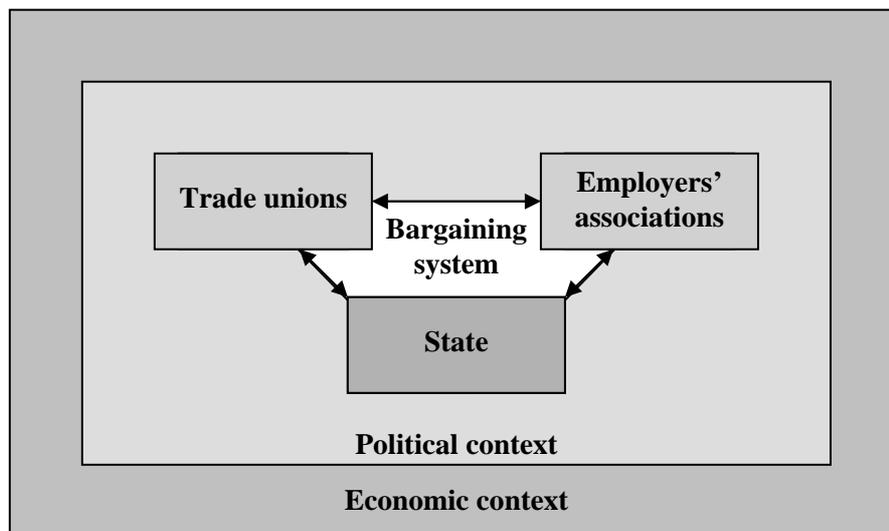


Figure 1.1 illustrates the interaction and context of industrial relations. Changes in individual preferences, as well as government actions (as witnessed during the Thatcher era in Great Britain) affect membership rates of trade unions and employers' associations, as do actions taken by the organisations themselves. The membership rates affect the balance of power between organisations, if alterations are unequally distributed, but also the possibilities of the organisations to act as representatives for all, or at least a majority of all employees or all companies. As Swedish labour law does not allow for extension of collective agreements⁷, membership rates also affect the bargaining system and collective agreement coverage. They also constrain the organisations power as lobbyists. The Swedish labour market regime of the 20th century is based on virtually all-encompassing organisations. The role taken by the government, whether to legislate or let the social

⁷ Extension of collective agreements to companies which have not signed the agreement is applied for instance in France.

partners decide for themselves, is an important part of the labour market regime, and decisions made by the government in various issues are certain to have an impact. The trade unions, the employers' associations and the state do not act in a vacuum. On the contrary, the political and institutional context affects the industrial relations regime. The labour market institutions, not the least the informal ones that decides on the routes actors consider possible, are highly important for the shaping and reshaping of industrial relations regimes. Political decisions, such as the Swedish European Union (EU) membership, may create a partly new political context, as the Swedish social partners today have to take EU regulations, not to mention the creation of the Common Market and the European Monetary Union⁸ (EMU), into account. However, the actors are foremost economically rational (even if limited) beings or organisations, and the economic context is thus probably the most important factor shaping the industrial relations on all levels. I would therefore like to, even if both the perspectives offered by Iversen, Pontusson & Soskice 2000 and Iversen 1999, and by Thörnqvist 1999 and Traxler 2003 respectively, have merit, stress the first, as it emphasises the notion of economic factors' importance. Nonetheless, since all the above-mentioned factors are important in shaping the system, conversions of them may also indicate a conversion or shift of the regime.

Variations in the economic context force the actors to respond. How they respond decides the new regime, if the economic changes are deep enough. Their response will be affected by the institutional environment and is likely to be guided by path dependence. Accordingly, in order to study the (possible) new regime, you need to study alterations in the economic and political context in relation to the changes within trade unions and employers' associations. Consequently, my study is constructed as shown in figure 1.2.

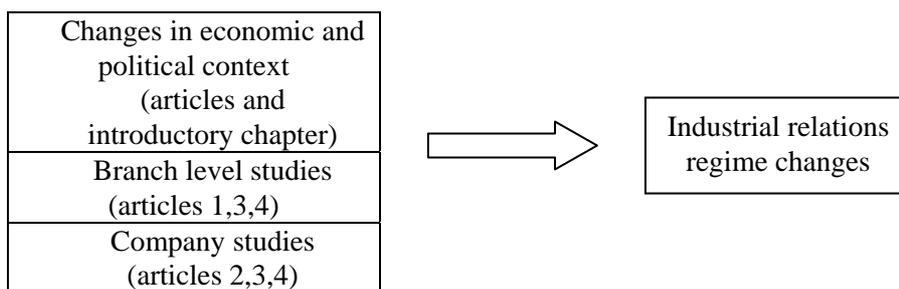
Figure 1.2 Levels and subject of study

Level of study	Subject of study	Level
<i>National/ international</i>	Changes in economic and political context (articles and introductory chapter)	<i>Macro</i>
<i>Sector</i>	Branch level studies (articles 1,3,4)	<i>Meso</i>
<i>Local</i>	Company studies (articles 2,3,4)	<i>Micro</i>

⁸ Swedish voters voted against the third step of the EMU, i.e. to replace the Swedish *krona* with the euro, in a referendum on September 14th 2003.

As I see it, there are three possible paths to choose between for a researcher interested in changes of the industrial relations system. The first is to study a particular aspect, for instance bargaining, as for example the above-mentioned Iversen, Pontusson & Soskice. The advantage is that it is more easily defined and possible transformations are more readily identifiable. The disadvantage is that you leave out the interaction of the system. If you choose the second path, i.e. to study the entire system, as Kjellberg 2001, you are likely to, given a limited amount of time, discover that your study takes the interaction between different parts of the system into account, but that your study might tend to superficiality.⁹ The third possibility, which makes it possible to include both interaction within the system and thoroughness, is to choose, based on previous research, certain fields to study where we might expect conversions to be evident first. That is the path I have chosen. To study changes such as unionisation on national level is in itself not very interesting, as most adjustments in Sweden are small. Instead, we need to find out what constitutes the changes (see figure 1.3).

Figure 1.3 Causes of changes in industrial relations regimes



On an aggregate level, changes on the three levels taken together cause changes of the regime. If they are deep-going enough, the result is a regime shift. If not, the outcome is a modification of the regime.

Aim of the thesis

The study aims at exploring if, and if so, how, the industrial relations regime in Sweden has changed during the 1990s. Did a new Swedish industrial relations regime emerge in the turbulent 1990s? If so, what does characterise it? To study the alterations, four important areas of study are chosen, industrial relations of the growing service sector, industrial relations of small enter-

⁹ A trap Kjellberg, however, does not fall into. Instead, Kjellberg leaves out the employers' associations almost entirely. Swenson, P. (2002) on the other hand does very nearly the opposite, when he almost overemphasises the role of employers.

prises, internationalisation of industrial relations in the metal sector and effects of re-regulation and introduction of competition on industrial relations in telecommunications service. The first and second study deal with the fact that as the Swedish industrial relations system, as in most countries, is based on large industrial enterprises, both the service sector and small companies may be thought to precede changes of the system, especially as the importance of the service sector as well as small companies has been and is increasing. The service sector is well known for being less unionised and having fewer local shops, a fact that also may diminish unionisation. In addition, the employers' association for a long time has been dominated, if not in numbers then in influence, by the industry federation and large enterprises. There is evidence that company size is vital, when it comes to degree of unionisation and organisation in employers' association, but how important it is less obvious.¹⁰ The third article studies the effects of liberalisation of so called natural monopolies in telecommunications, which also is briefly included in the service sector study, but the third article of this thesis provides a deeper understanding. The liberalisation of telecommunications is one of many that took place during the 1980s and 1990s, which deeply affected the conditions for industrial relations. The fourth article considers the Swedish membership of the European union as well as the EU emphasis on the social partners, in combination with the increasing global, or rather Western, economic integration, which calls for new strategies by trade unions, important for future patterns of industrial relations. The metal industry, with its heavy emphasis on international competition, is in that aspect very interesting. In addition, all these topics are fields where very little research has been conducted. I can thus benefit from the many studies on the national bargaining system, while adding new information on other areas.

One important field not included in this study is industrial conflicts. Internationally, it is an important area of research, and in Sweden Thörnqvist has given valuable contributions to the field. Thörnqvist has concluded that the 1990s was a very calm decade. He deduces that this is the result of high unemployment rates, a bargaining system which bided its time, a notion of crisis and an ideological offensive by the Swedish Employers' Confederation, SAF¹¹ on (individual) wage setting.¹²

The industrial relations regime is interesting in a wider perspective, not only for those employed, but also even for those very few in Sweden of today who never have or ever will work. The organisations of the regime, i.e. the trade unions and employers' associations, are important for the shaping

¹⁰ Kjellberg, A. (2001) pp. 166-167, Lundqvist, T. (2000) pp. 16-17, Tegel, S. (2000) pp. 149-161 and Aldcroft, D. & Oliver, M. (2000) p. 142.

¹¹ In 2001, SAF merged with *Industriförbundet*, the Federation of Swedish Industries and formed *Svenskt Näringsliv*, the Confederation of Swedish Enterprise.

¹² Thörnqvist, C. (2000) pp. 44-45.

of the Swedish political economy and welfare state.¹³ The trade unions have often been viewed as progressive, while employers' associations only recently have been appreciated as co-creators, rather than actors, which only react and respond, a still controversial view held by Swenson 2002.¹⁴

Definitions

Industrial relations are here defined as interaction between owners, managers, employees and their organisations and government agencies. The interaction takes place in an environment regulated by laws and shaped by technology, markets and formal and informal institutions. The formal and informal institutions include the national pattern of industrial relations.

Nils Elvander has strongly encouraged the introduction of new concepts in the field of industrial relations. He suggests the term labour market regime instead. To use the notion of labour market would solve the problem that there is no proper translation into Swedish of the concept industrial relations. However, the concept of labour market is problematic. Hyman argues, along with Polanyi, that labour is a "fictitious commodity" and that a usage of the word labour market shows a misunderstanding of what employment relations really are at the same time as emphasising a market ideology.¹⁵ Elvander's main point though, is to replace the concepts of Swedish industrial relations system and model with regime, as he finds system too connoted to the Dunlop system concept¹⁶ and the word 'model' too associated with role model. Regime he defines as the sum of all labour market relations in for instance a country, starting from the firm level and going to the top political level (*arbetsmarknadsregim*). The regime concept is then operationalised to divide the Swedish labour market history since 1938 into three distinct phases.¹⁷

Hyman defines industrial relations regime differently, as "a tension between employment structured by market dynamics and broader social regulation, between the principles of contract and status".¹⁸ The merit of the Elvander definition is mainly that it emphasises all levels of the industrial relations regime, the micro, meso and macro levels as shown in figure 1.2, i.e. the local, sectors and national/international level. It is problematic, all the same, in that it is vague, difficult to operationalise and has a strong focus on the politic context, for instance the national labour policy, while paying less

¹³ Ebbinghaus, B. & Manow, P. (2001) p. 13.

¹⁴ Swenson, P. (2002) pp. 306-308.

¹⁵ Hyman, R. (2001) pp. 281-282.

¹⁶ For an elaboration of the Dunlop system concept, see Dunlop, J. (1958).

¹⁷ Elvander, N. (2000) pp. 152-153, (2002b) pp.198-214.

¹⁸ Hyman, R. (2001) p. 280.

attention to economic conditions. The advantage of Hyman's definition is that it does include economic factors as well as social regulation, but it is even harder than Elvander's to use for any analytical purpose. I suggest therefore that the industrial relations regime should be understood as the configuration of industrial relations, i.e. actors (state, employers/employers' associations and employees/trade unions, organised as well as unorganised) and their interaction, on local, sector and national/international level, and their institutional, formal and informal, environment.

In the articles in this thesis, the Swedish model of industrial relations as well as the Swedish system of industrial relations is used synonymous with the Swedish industrial relations regime, as both these concepts are well known to an international public.

The concept the third industrial revolution is here defined as the changes of the economy and society that has taken place since the 1970s, characterised by the introduction of a new technology, information and communication technology (ICT) and growing global market economy. As the previous industrial revolutions, the third industrial revolution contains the introduction of new technology.¹⁹

Europeanization is used to describe increased European dependence²⁰, foremost economic, but also political.

Development of Swedish industrial relations

Three regimes

Below I give an outline of the regimes and their periodicities, as suggested by researchers, who emphasise somewhat different factors constituting the regimes. Elvander and Lundh represent two slightly different ways of periodicity. Nils Elvander's first regime lasts from 1938 to 1973/74, denoted the Saltsjöbaden regime, and the second, the conflict regime, to 1997, a year, which marks the beginning of a new era, the Industrial Agreement regime or the co-operation regime. His regime notion is, as said earlier, mainly based on the bargaining system. Christer Lundh's first regime goes from 1930 to 1975, and the second on to 2000, after which the new regime begins.²¹ Lundh bases his periodicity on Schön's notion of structural cycles, which, while emphasising the importance of economic factors, makes the connection between periods and regimes less clear-cut.

¹⁹ Magnusson, L. (2000) pp. 588-589.

²⁰ One could argue, that there is increasing inter-dependence, but the dependence is so unequally divided, that it is more appropriate to speak of a dependence.

²¹ Lundh, C. (2002) pp. 34-38.

The Saltsjöbaden regime

From the 1930s onwards, a new industrial structure emerged according to Schön, based on the innovation block of electricity and automobiles.²² In the 1950s and 1960s, the Fordist mode of production was established in Sweden on the ground set between the wars. There was a need for the establishing of institutions, who facilitated industrial peace and moderate wage claims, according to Lundh.²³ Others, such as Magnusson, use the end of the Second World War as the departure of the new growth economy of Sweden, which lasted until the beginning of the 1970s.²⁴

During the 1930s, a new labour market policy evolved in Sweden. In an agreement with the Farmer's Party, the so-called "Cow Trade Agreement" (*kohandeln*), the social democrats instituted labour market insurance, instead of the old relief work. The labour market insurance programme began in 1935 and the responsibility for administration was given to the trade unions. At the same time, means of stimulation for the industry were introduced as well as relief work waged at market prices.²⁵ Sweden developed into a participating capitalism and a corporatist triangle consisting of employers, trade unions and the state. The ideology of full employment became widely accepted. Production was integrated into the triangle through the Saltsjöbaden Agreements in 1938 and 1942, when trade unions and employers agreed to co-operate without intervention from the government, and through the creation of open cartels. The politics, by the social democrats, was based on an economic redistribution. Through the Saltsjöbaden Agreement, many issues were solved through voluntary agreements instead of issuing laws.²⁶ Thereby, the Saltsjöbaden regime was inaugurated.

The reasons for the Saltsjöbaden Agreement should rather be interpreted as rational actions than any kind of idealistic motives. LO wanted to improve wages, which could be achieved through a strong trade union confederation on a central level, with expertise available. Agreements were considered victories for the trade union movement. The notion of economic growth as a prerequisite for wage increases was accepted generally within the trade union movement after World War II. The Saltsjöbaden Agreement was beneficial for the employers as well. It would prevent legislation, but still improve predictability and prevent companies competing over a scarce labour force by bidding higher. In addition, strikes and conflicts were costly, and labour peace was for that reason favourable for SAF.²⁷

²² Schön, L. (2000) pp. 354-358.

²³ Lundh, C. (2002) p. 139.

²⁴ Magnusson, L. (1997) pp. 409-410.

²⁵ Magnusson, L. (1997) p. 403-404, Esping-Andersen, G. (1994) p.84.

²⁶ Nycander, S. (2002) pp. 116-126.

²⁷ Swenson, P. (2002) pp. 113-120, Magnusson, L. (1997) pp. 448-449.

The blue-collar workers central organisation, the Swedish Trade Union Confederation, (*Landsorganisationen, LO*) founded in 1898, had expanded substantially, from 7.000 trade union members in 1898 to 773.000 in 1936. In 1945, LO had about 1.007.000 members.²⁸ The Swedish Employers' Confederation (*Svenska Arbetsgivareföreningen, SAF*) had also witnessed a growth since its founding in 1902, albeit not as spectacular.

In 1948, the new Labour Market Board (*Arbetsmarknadsstyrelsen, AMS*) was inaugurated. On the board there were representatives of LO, SAF and the AMS' employees. In 1957 the social democrats fully accepted the Swedish model which had developed, a model characterised with collective wage bargaining, central negotiations, full employment and wage policy with solidarity, which meant that all companies independent of their profitability paid the same wages for the same work done, which in turn caused businesses to close down and restructuring between branches. The AMS worked with retraining programmes for those who became unemployed because of the wage policy with solidarity.²⁹ The Swedish model, in itself a result of many short-term decisions, makes the impression of a long-term commitment to a strategy.

The white-collar workers became organised at a later stage than the blue collar workers, a fact Elvander has attributed to a lingering notion of white-collar worker solidarity with the employer. A main organisation, DACO³⁰, for private sector white collar employees was founded in 1931, while the white collar employees of the public sector formed their own organisation, *Tjänstemännens Centralorganisation – TCO* (Swedish Confederation of Professional Employees), in 1937. The two organisations merged in 1944 under the name of TCO. The new organisation had about 180.000 members.³¹ In 1945, the size had risen to 205.000 members. The new central organisation for professional employees, *Sveriges Akademikers Centralorganisation – SACO* (Swedish Confederation of Professional Associations), had when it was founded in 1947 about 15.000 members.³²

The conflict regime

The 1970s witnessed the birth of a structural transformation of the economy from the classic industrialised society to a new, if not to a post industrialised society, then at least an information and knowledge based economy, a process denoted the third industrial revolution.³³ The problems the changes

²⁸ Elvander, N. (1966) pp. 27, 49.

²⁹ Rothstein, B. (1992) pp. 175-178, Murhem, S. & Ottosson, J. (2000) p. 43.

³⁰ DACO, *De anställdas centralorganisation*, the Employees' Organisation.

³¹ Elvander, N. (1966) pp. 30-31.

³² Elvander, N. (1966) p. 49.

³³ Magnusson, L. (1999) pp. 32-34, Schön, L. (2000) pp. 435-436.

caused in the economy, with lower rates of growth, in combination with a more radical labour movement, caused a need for more decentralised bargaining and an end to the classic Swedish model of the previous period, Lundh claims.³⁴

When the economic growth decreased and productivity grew less in the early 1970s, negotiating wages became harder. If some groups gained wage increases, others demanded compensation, which in turn caused inflation. Politics was aimed at keeping full employment, which caused wage increase expectancies, and the solidaric wage policy amplified wages even more by the so-called wage drift. The centralised bargaining system was consequently on the verge of collapse. Augmented individualisation of the labour market made it more or less hopeless to continue centralised bargaining, and the system broke down during the 1980s.³⁵ Elvander emphasises that new trade unions had evolved and the pattern of negotiations had become increasingly complicated, in combination with escalating conflicts between private and public employees over wage increases.³⁶

From the 1960s onwards there was an increasing demand for legislation by the radicalised trade union movement instead of mutual agreements. This marks, according to Elvander, the beginning of the next regime, the legislation regime. In the early seventies several laws were created, such as the Law on employment security (*Lagen om anställningsskydd, LAS*) in 1974, the law on union representatives in 1974 (*Förtroendemannalagen, FML*) and the Law on co-decision making in 1976. The legislation on labour law meant an end to the Saltsjöbaden spirit of the previous decades, an end caused according to Nycander mainly by political action, which encouraged the radical rank and file, rather than trade unions or employers' associations.³⁷

During the same period, the expansion of unionisation continued. In the middle of the 1960s, about 75 per cent of all professional employees were affiliated with SACO, about 60 per cent of all white collar employees were unionised and between 90 and 95 per cent of all blue collar workers. However, there were large differences between branches. Unionisation was highest in manufacturing and lowest in retail and service. The degree of organisation in the employers' association was just as high. As well as virtually all blue collar workers within manufacturing were LO-members, practically all larger manufacturing companies were organised. Smaller companies were less organised, approximately 60 per cent in manufacturing.³⁸ SAF had about 25.000 joint owners in 1965, equalling 1.215.000 employees.³⁹

³⁴ Lundh, C. (2002) pp. 223, 248-249.

³⁵ Magnusson, L. (1997) pp. 492-494.

³⁶ For a discussion on the development, see Elvander, N. (1997) pp. 18-35.

³⁷ Nycander, S. (2002) pp 270-284.

³⁸ Elvander, N. (1966) pp. 48-50.

³⁹ De Geer, H. (1992) p. 124.

In the middle of the 1980s the representation of special interest groups in governmental bodies' decision-making boards was widely discussed. In 1990, SAF decided that it should no longer be represented in any such body except for the Labour Court. In 1992 the tripartite co-operation of AMS came to an end. Since then the government appoints the members of the respective board and the representatives of the employers and trade unions are organised in an advisory board.⁴⁰

The period following was turbulent and the Swedish economy was almost overheated in the early 1990s.⁴¹

The Industrial Agreement regime/the co-operation regime, or the globalisation/Europeanization regime

While Lundh considers the second regime to last until 2000, Nils Elvander reckons that crucial events take place in the end of the 1990s, important enough to mark the beginning of a new regime.

The 1990s meant increasing global competition, international interdependence and European economic integration. Hence was the importance of competitive wage increases, making the Swedish export industry competitive, crucial for the employers. The negotiation round in 1995 meant a return to increasing wages, while unemployment was extremely high by Swedish standards, 9 per cent open unemployment. The industry employers, as well as their counter parts, accordingly had high incentives to come to an agreement, which would provide stability and reasonable wage increases.⁴²

The government demanded in 1996 new models for bargaining which would make it possible to achieve wage levels that were internationally competitive. The trade unions within the manufacturing sector, which had begun to co-operate more closely, invited the employers to come to a new type of agreement. The new Industrial Agreement⁴³, *Industriavtalet*, of 1997 meant the beginning of a new close co-operation on branch level. It has been a role model for other sectors of the labour market. The Industrial Agreement means a common view on economic and industrial policy. It is a new way of negotiating and intermediating, and a return towards centralisation, although on branch level.⁴⁴ As a means of achieving competitiveness, the employers seem to consider it a success.⁴⁵ The Swedish metal industry has

⁴⁰ For a thorough discussion the subject, see Johansson, J. (2000).

⁴¹ Murhem, S. (2000) p. 60.

⁴² Elvander, N. (2002c) pp. 196, 203.

⁴³ The full name is The Agreement on Industrial Development and Wage Formation, but the agreement is usually known as the Industrial Agreement, *Industriavtalet* in Swedish, a term that will be used here.

⁴⁴ Elvander, N. (2002b).

⁴⁵ Kjellberg, A. (2003) p. 372.

thus moved in the opposite direction from Italy, Germany and Belgium, where, as shown by Marginson et al, the metal industry has increased company level negotiating.⁴⁶ As the Saltsjöbaden Agreement, the Industrial Agreement denotes that the social partners take responsibility for the labour market without the need for government interference. The old division between blue and white-collar employees are now less clear-cut.⁴⁷ In addition, Bruun has argued that by the end of the 1990s, the employers' and trade unions showed a more united view on such important issues as labour law.⁴⁸

The 2001 merger between SAF and *Industriförbundet*, the Federation of Swedish Industries, which formed *Svenskt Näringsliv*, the Confederation of Swedish Enterprise, indicates that a return to bargaining on central (confederation) level is unlikely. The new organisation does not, according to its statutes, have the authority to bargain, nor does it have the funding. Its function is advising and lobby making, thereby promoting business life but leaving bargaining to its member associations.⁴⁹

The 1990s also meant a new political era for industrial relations, as Sweden joined the European Union. Industrial relations before had to a large extent been nationally based, while decision-making were now gradually transferred to the European level.⁵⁰

Trade unionism was still strong in Sweden in the 1990s, although some groups, especially young urban blue-collar workers, were prone not to join a trade union. Unionism among women has on the other hand improved during the 1990s. Studies have shown the importance of local shops for trade union affiliation. If a local shop is missing, employees tend to choose direct affiliation with the unemployment insurance, instead of having the unemployment insurance as a part of their trade union membership.⁵¹ Unionisation of young people has been a topic brought to attention recently, as surveys showed that young people tended to be less unionised. However, Furåker and Berglund 2001 do not find support for the hypothesis that young people find trade unions less important than older do.⁵²

In consequence, the opinions on what the alterations of the 1990s meant, and their relative importance, differs between different researchers. In the next chapter, I discuss the research on how industrial relations have evolved in the 1990s.

⁴⁶ Marginson, P. et al (2003) p. 180.

⁴⁷ Elvander, N. (2002b).

⁴⁸ Bruun, N. (2003) pp. 102-103.

⁴⁹ Waddington, J. (2001) pp. 456-457.

⁵⁰ See Blomqvist, P. & Murhem, S. (2003).

⁵¹ Kjellberg, A. (1998) p. 124.

⁵² Furåker, B. & Berglund, T. (2001) pp. 9-10.

Research on industrial relations in the 1990s

Beginning in the 1980s, the new production methods emerging were thought to radically change the industrial relations system into what was denoted the new industrial relations. Somewhat unclear, the general perception of the new industrial relations was new production concepts and performance based wage systems, organisation in teams, an increasingly well educated work-force, direct employee involvement and more influence from trade unions in works councils over the organisation governance. Roche has pointed out, that while novelties in production processes can effect industrial relations and that a new industrial relations concept may well appear, the only country to evolve such a system to any larger extent is Germany and even there, it is only affecting a minority. In the European economies, the new production processes have appeared only to a limited extent and the amendments in employee influence has been modest. Neither competition, new production systems nor changes in public management have caused a replacement of the old industrial relations systems in Europe. However, Roche finds that what is emerging, is a larger amount of variation in industrial relations systems, governed by national path dependence.⁵³

Crouch 1996 proclaims greater than before differences between countries in industrial relations between, on one hand, neo-corporatist countries with strong central trade unions such as Scandinavia and Finland, and on the other hand countries with weaker trade unions.⁵⁴

Hyman declares that, there have been dramatic adjustments in the industrial relations system of some, but not all, countries in the 1990s. Differences between countries are still noteworthy, but the heterogeneity within countries has increased. The social pacts of the 1990s should be viewed as result of crisis, both that of lack of national competitiveness and that of budget cuts in order to meet with EMU criteria.⁵⁵

The studies edited by Jon Erik Dølvik on the industrial relations system of the service sector in eleven European countries, including one of Sweden, concludes that the countries have kept national characteristics, and that the growth of the service sector and the boost of non-standard employment have not brought on major transformation of the national systems. Nevertheless, most countries have undergone decreases in unionisation in the 1980s and 1990s. There are, however, large similarities between branches over national borders, meaning that in spite of national differences in unionisation degrees, a certain branch may well have about the same level of unionisation in most countries.⁵⁶

⁵³ Roche, W. (2000).

⁵⁴ Crouch, C. (1996) p. 367.

⁵⁵ Hyman, R. (1999) pp. 90-95.

⁵⁶ Dølvik, J. E. (2001b) pp. 496-521.

Industrial relations have caught a certain amount of attention in Sweden since the 1960s.⁵⁷ Among the most important contributions are the LO-project ‘Swedish trade unionism after World War II’ (*Svensk fackföreningsrörelse efter andra världskriget*) to commemorate LO’s 100 years anniversary and the large SAF project in the 1980s (among the results of the LO project are Johansson & Magnusson 1998 and Åmark 1998 and of the SAF project De Geer 1986 and Kuuse 1986). During the last decade, important contributions have also been made by, most notably Anders Kjellberg, Jelle Visser and, as mentioned earlier, Nils Elvander.⁵⁸

Johansson and Magnusson 1998 emphasise in their study of LO’s history the importance of economic and technological factors and bring the third industrial revolution into discussion, but also include ideological factors in their analysis of the changes. Their conclusion is that the conversions have been important, but they stress that the process is ongoing.⁵⁹

Kjellberg 1998 does not go as far as regard the changes from the 1970s onwards as a transformation, but declares it to be “profound”, emanating from structural and cyclic factors as well as political and ideological. He does, in spite of this, open up for a possible restoration of the Swedish model.⁶⁰

Visser 1996 points out that the Swedish model as he see it existed between the 1940s until the 1970s, but has since eroded. Its main characteristics, the high degree of corporatism in combination with high productivity and high wages, declined in the 1970s and the role of the state altered. By demanding labour legislation, the trade unions lead the way from the Swedish model in the 1970s. In the 1980s and 1990s, the opposite seems to be true. The employers requested decentralised bargaining and thereby continued the drift from the Swedish model.⁶¹

In spite of the fact that gender and ethnicity research has been a vital and fruitful part of the labour research agenda for many years, very little industrial relations research deal with gender or ethnicity in a fundamental and structural way. Instead, the number of women and/or foreigners in trade unions and employment is viewed as a variable in a gender/ethnicity neutral system. There are of course exceptions, such as Yvonne Hirdman’s multiple contributions, including her book on LO and the gender order, in which she shows LO’s ambiguous position on gender issues and how different roles are created and reshaped for men and women.⁶² There are also some other re-

⁵⁷ For an excellent overview of the development of the Swedish research field, see Elvander, N. (2000).

⁵⁸ Elvander, N. (1997, 2002), Kjellberg, A. (1998, 2000, 2001), and Visser, J. (1996).

⁵⁹ Johansson, A. & Magnusson, L. (1998) pp. 300-342.

⁶⁰ Kjellberg, A. (1998) pp. 84-114.

⁶¹ Visser, J. (1996) pp.176-200.

⁶² Hirdman, Y. (1994, 1998).

search on specific trade unions, but hardly any on employers' associations. Paulina de los Reyes has in several articles advocated a new view on the Swedish model, which takes into account how normality was created, understood as the Swedish man, as well as the roles of diversion from normality, i.e. women and immigrants.⁶³

Theoretical approach

In the following, I will use the neo-institutionalist approach. The institutions decide and restrict the acting possibilities of organisations and individuals. By acting from and interacting with institutions, actors may change and develop the institutions.⁶⁴ Actors are assumed to be (limited) rational beings responding to and interacting with political and economic changes, as shown in figure 1.1.⁶⁵

Today's conditions depend on the historical development of social and economic variables.⁶⁶ The basic structural explanation of the changes since the 1970s is embedded in the notion of the third industrial revolution. This includes technological, labour force and unemployment changes on the supply side, and structural transformations, macroeconomic conditions and economic development on the demand side. The ICT technology, customer oriented production, internationalisation/globalisation and a more service-oriented economy as opposed to manufacturing oriented are some of the characteristics of the new paradigm.⁶⁷

Traditions evolve for how problems are solved and through those traditions continuity occur. A path dependency will decide on the solutions chosen. The traditions are a part of the social concept of the labour market, a social concept that rules out certain ways of solving problems as socially unacceptable.

Industrial relations, their pattern, shaping and evolving, are rarely seen in terms of economic performance and development. In most studies, the economic assumptions are seen as background variables, against which strategic and political decisions are taken. Mostly, the pattern of industrial relations is described as resulting from tactics and choices, more often in a short-term perspective than a long, but more seldom as a result of actors responding in a rational way to economic realities. The other way around, the effect of la-

⁶³ See for instance de los Reyes, P. (1998a, 1998b and 2000).

⁶⁴ North, D. (1993) pp. 16-27.

⁶⁵ North, D. (1993) pp. 37-63.

⁶⁶ van der Laan, L. & Ruesga, S. (1998) p. 18.

⁶⁷ Magnusson, L. (1999) pp. 24-40.

bour market institutions on economic performance, is on the other hand very common.⁶⁸

Nevertheless, companies are capitalist organisations, as Paul Chapman states, and are working in a capitalist environment, as are the employees.⁶⁹ Economic factors are implicitly given a certain influence over shaping the overall industrial relations system. We may compare the view of Crouch 1993, that the industrial relations system in Europe mainly results from political strategy, with Johansson and Magnusson 1998, who sees the Swedish Saltsjöbaden Agreement and the following pattern, not as the employers were filled with a spirit of mutual understanding, but rather feared legislation, which would have been more costly.⁷⁰ Kjellberg have pointed out that the Swedish highly centralist bargaining system rather is the result of that centrality was profitable for the employers at that time, than from any ideals on a model of industrial relations and that the reasons for decentralisation also were mainly economic, as well as the return to centralisation in 1997. Kjellberg on the other hand also strongly emphasises SAF's strategy and the decisions made in certain formative moments.⁷¹ It is of course a matter of calling attention to economic or political variables to a larger or lesser extent, as most researchers agree that they both have an impact. There are nonetheless those who tend to see the decentralisation or other important events in the Swedish industrial relations history as either strategic or dependant on individual actors rather than in a certain economic context⁷², a view which at best is somewhat one-sided.

The articles

When writing a part of an anthology, the individual reports tend to be somewhat descriptive. The analytical and theoretical concepts are usually found in the introductory and concluding chapters. In the following, I will not only pronounce the results of the studies, but also try to place the articles in the analytical framework in which they were written. The studies are micro and/or meso level studies, in order to identify changes, which subsequently are brought to the aggregate level in the concluding remarks of this introduction chapter.

⁶⁸ See for instance Crouch, C. (1993), Nickell, S. & Layard, R. (1999).

⁶⁹ Chapman, P. (1999).

⁷⁰ Crouch, C. (1996) pp. 290-291, Johansson, A. & Magnusson, L. (1998) pp.

⁷¹ Kjellberg, A. (2000) pp. 167, 183-197, 252-256.

⁷² See for instance Micheletti, M. (1991) pp. 154-155, Johansson, J. (2000) pp. 199-222 and Swenson, P. (2002).

Industrial relations in the service sector

The first study, *Sweden: Stability in a Turbulent Environment*, published in Dølvik, J. E. (ed.) (2001) *At Your Service? Comparative Perspectives on Employment and Labour Relations in the European Private Sector Services*. "Work & Society", SALTSA, No.27, Brussels: P.I.E.–Peter Lang, explores changes of the industrial relations model of the Swedish service sector in the 1990s.

The project researched the service sector in eleven European countries, ten EU countries, Austria, Denmark, Finland, France, Great Britain, Germany, Ireland, Italy, the Netherlands and Sweden, the eleventh being Norway. Four cases studies were made in each country, wholesale and retail and banking for all countries, and two individually chosen.

The reason for studying the service sector is its relative growth. Employment in the service sector is growing rapidly. This can be seen as an affect of the third industrial revolution. The underlying explanation for the growth in employment is the Baumol theory, i.e. productivity grows intrinsically slower in services (the service cost disease) than in production of goods. This means that countries either have to increase wage differences and pay less for low-productivity jobs or subsidize them. In recent years, the Baumol theory has been further complicated by the difficulties to measure labour productivity growth in services, and also by indicators that the productivity in services is actually higher (and increasing) than previously thought. The Baumol theory in combination with the assumed increasing individualisation of customer demands as part of the third industrial revolution paradigm, has resulted in an assumption that rising service sector employment also will prerequisite more flexible employment conditions. As the service sector traditionally has been lower unionised, have lower coverage of collective agreement and in general is less organised, its growth is also assumed to affect industrial relation in a direction towards a higher degree of individual action. In advanced countries, there has been a tendency to enlarged convergence in service sector employment, even if there are still large national differences. The convergence is also often assumed to spill over to industrial relations, as increases in employment growth is considered to demand the above mentioned improved flexibility and as a consequence leaves little room for employment security etcetera, making the way for a more homogenous Anglo-Saxon model of labour relations. To the above-mentioned reason for studying the service sector should be added that systematic research and knowledge is lacking.⁷³

Several research hypothesises were tested in this study, firstly that differences between jobs would be increasing, secondly that employment to a large extent would be part-time and/or temporary, thirdly that collective

⁷³ Dølvik, J. E. (2001a) pp. 17-47.

organisation of the labour market would diminish and fourthly that there would be a convergence between the countries.

The Swedish study is based on important aspects of the Swedish industrial relations model, i.e. the virtually all-encompassing trade unions, employers' associations and collective agreements and the centralised bargaining. Especially bargaining altered during the 1990s, while less is known of the development of the other fundamentals of the model.

The study is mainly based on quantitative material, but interviews have been used to get access to non-published information. Data have been collected from Statistics Sweden, Eurostat and the Swedish National Board for Industrial and Technical Development. It has sometimes been difficult to distinguish between public and private sector, since most employment data are collected for a branch, rather than in concern of proprietorship.⁷⁴

During the 1990s, employment conditions developed into more flexible employment, less permanent and more variations in employment conditions. In this, there is also a clear gender aspect, since women are more likely to work less full-time than men do. Even in branches where part-time work is abundant, such as wholesale and retail, men tend to work full-time to a much higher extent. At the same time, the private service sector became increasingly important in the Swedish economy, with a growing share of GNP and employment.

The four cases chosen for the case studies were wholesale and retail, banking, telecommunications and finally computer services and computer consultants. There were several reasons for choosing those particular cases. Wholesale and retail and banking were the cases common for all country studies, while telecommunications was chosen as a newly deregulated and expanding branch. Computer consultants and computer services is known also for being expanding, but mainly for, as a part of the so called new economy, being non-unionised and not adhering to collective agreements. Yet, that is more of an assumption than a known fact, since there have been few studies.

In wholesale and retail, unionisation actually expanded during the 1990s. The trade union has been high profiled and taken action against employers refusing to sign a collective agreement, which might be part of the explanation. In addition, women have overall improved their unionisation, and wholesale and retail is dominated by women. The employers' association has worked with a new means, call-centres, to recruit new members, and has kept up their membership rate. Collective agreements have also remained stable, but the coverage is probably among the lower of all branches. Bank-

⁷⁴ For instance, the Swedish labour force survey does not make a distinction between public and private employees in most instances. In this study the private service sector is explicitly called private, when all, or at least, most of the public parts of the sector are not included. The term service sector refers to the entire sector, public as well as private.

ing has shown a decline in unionisation, while the employers' association has kept an almost total coverage as well as of collective agreements. The employers' association includes several foreign companies, but few of the new untraditional banks. Unionisation has decline in telecommunications, but a high coverage of employees in employers' associations has been maintained as well as collective agreements, because of Telia's dominance. But the new telephone companies resulting from deregulation shows a variety of ways of associations ranging from none (for instance Telenordia and Tele2) to the local governments' employers' associations. Computer services and computer consultants' rate of unionisation is hard to estimate but might be as high as 45 per cent. The slump of business and lay-offs in autumn 2000 caused an enlarged rate. The unions have tried to promote unionisation by inaugurating new sub-divisions. The employers' association has quite high coverage of employees (counting ordinary members), more than 50 per cent, but only the very largest firms are members, including some foreign firms. By launching the service membership, which provides the company with the service of an ordinary member, but excludes it from collective agreements, the employers' association has tried to improve membership rates. The collective agreement 1998-2001 does however not include wages, which by Swedish standards is highly unusual.

The study shows that the industrial relations model during the 1990s seems to have been remarkably stable in the private service sector, which was thought to lead the way to a new model due to the comparatively low degree of organisation and collective agreements. In fact, organisations have adapted to the new situation and developed novel solutions and methods. In combination with the strong traditions of the organised society this have caused a maintained degree of organisation. Yet, the traditions work together with a rational aspect, in fact the tendency found by Kjellberg of an increased importance paid to individual benefit motives, thereby causing unionisation to fluctuate opposite to the business cycle, is notable in the service sector in the 1990s.⁷⁵ Among computer consultants and computer services, the business decline of autumn 2000 showed in increasing unionisation rates. As Kjellberg found the tendency most clearly among young men in urban areas, which is the typical profile of employees in the computer business, this reinforces his findings.⁷⁶

⁷⁵ Kjellberg, A. (2001) pp 75-77, 104-106.

⁷⁶ On a work-place level, Katz, H. & Darbshire, O. (2000) claim that there are generic industrial relations systems emerging, while the central nation-wide systems are disappearing. We may however claim from the evidence of the second study, that, at least in the case of the Swedish IT industry, such a system seems to be unstable and requires a high-performance industry, while a down-ward sloping business curve causes employees to turn back to the old nation-wide system. Roche's conclusion, that national path dependence, although used as an explanation in arguing differences in the uptake of new practises, is a problematic theoretical concept in a perspective predicting national fragmentation of increasing variations, may therefore in itself be problematic. It might be, that the variations or fragmentations are only

In response to the Baumol theory, we also found that for Sweden and Germany, capital intensity is actually higher in many private services than in industry, and productivity is growing increasingly. For all countries we found that there were certain tendencies towards the research hypotheses tested, i.e. increasing differences between jobs, largely part-time and/or temporary employment, diminishing collective organisation of the labour market and convergence between the countries, but that the extent was often exaggerated. How strong the tendencies were depended on the country in question, due to the prevalent institutions. The convergence in modes of employment took place at the same time as national differences in collective organisation and income distribution remained.

Industrial relations in small enterprises

The second study, Industrial relations in small enterprises in Sweden, accepted for publication in Dufour, C. & Hege, A. (forthcoming) *Just how beautiful are small-scale enterprises? An industrial relations comparison between France, Germany and Sweden*, deals with industrial relations in small companies in Sweden.

Since the 1980s, the interest for small businesses has increased considerably. The amount and scope of small business research grew considerably.⁷⁷ Much of the interest attached to small companies was due to their amplified importance in employment.⁷⁸ Changed structural patterns stemming from the third industrial revolution caused growth in service employment, a sector dominated by small companies. Altered production structures such as increasing outsourcing and intensified self-employment also promoted small companies.⁷⁹ The European Union is also concerned by small enterprises. In the European Union employment strategy, introduced by the Treaty of Amsterdam, entrepreneurship is one of the so-called pillars. The guidelines included in the entrepreneurship pillar contain actions of encouragement of small and medium sized enterprises in order to improve employment.⁸⁰

The study was part of a three-country project, involving France and Germany as well as Sweden. The three countries have different regimes of industrial relations. A comparison of industrial relations in small and medium enterprises in different context was valuable, as to study whether the context or the size was more important for the way industrial relations were shaped.

minor occurrences, while the path dependence will out-run them, Roche, W. (2000) pp. 275-278.

⁷⁷ Goss, D. (1991) pp. 2-11.

⁷⁸ For US and UK data, see Storey, D. (1997) pp.164-173.

⁷⁹ Magnusson, L. (1999) pp. 28, 54, 68.

⁸⁰ Foden, D. & Magnusson, L. (1999) pp. 12-16.

It was mostly based on interviews, conducted alone by the author, or together with researchers from the other countries.

The project originated within the French discourse on firm sociology, in which firms are perceived as highly important and independent actors within society functioning as creators of social norms. Firms in this respect are defined as institutions.⁸¹ The theory has mostly been based on large companies, and our project aimed at modifying this view by perceiving also small companies as important actors shaping values and norms. This aim was in the Swedish study combined with a neo-classical institutional approach, in which the interaction between institutions in this sense, and the small companies, which from the sociological point of view were considered institutions, i.e. the two different definitions of institutions, were studied to see which was the most fruitful.

In every research process, the researcher needs to evaluate his or her role in the process. The questions asked, whether to a written material or to an interview person, affect the answers we get. Research can never be free of any kind of bias, never truly objective. However, researchers are usually governed by a common-sense idea of objectivity, which means that the research is systematically controlled and observed to be, as far as possible, free of personal bias.⁸² In that sense, truth may be defined along the consensus definition of Habermas⁸³, i.e. the truth is what the research society in general would agree to be the truth in that particular case. In that respect, interviews, or any other quantitative method, are as truthful and objective as are quantitative methods. They do of course have their own certain difficulties and methodological problems, as have other methods. Interviews need, as all sources, to be treated with care. People may forget, they may have an agenda of their own when responding, they might want to be politically correct or they might want to rationalise previous actions, all such things may affect the result. How you work to solve that kind of problems depends on the purpose of the interviews. In this instance, the aim of the interviews was to examine the opinions of the interview persons on certain issues. To diminish the possibility of politically correct answers, all interview persons were promised anonymity, and company names were omitted. After the interviews, the researchers partaking in the interview discussed their impressions. That process was a way to ensure internal reliability, i.e. to agree on interpretations within the research team.⁸⁴ The answers given were also compared to other information about the company, and critically evaluated.

Seven cases were chosen for the study. One might argue, that one very deep study would have been a better choice than seven necessarily more

⁸¹ Mispelblom Meyer, F. (2001) p. 12.

⁸² Kvale, S. (1997) p. 65.

⁸³ For Habermas' consensus theory of truth, see Habermas, J. (1973) pp. 218-219.

⁸⁴ Bryman, A. (2002) p. 257.

superficial ones. However, the study should be considered as a collective instrumental case study, to use the terminology of Stake 1994. Stake differs between intrinsic and instrumental interest in case studies. The intrinsic interest is directed towards that particular case, while the instrumental interest means that the case is used to provide insight into a particular issue or theory, in this case the industrial relations of small and medium enterprises. The instrumental study may then be extended to several cases, chosen to facilitate better insight of a still larger collection of cases, here Swedish small and medium enterprises.⁸⁵ In addition, to be able to compare the two views on industrial relations discussed below, i.e. whether industrial relations of small companies are different due to their size or, if the most important differences lie between branches and sectors, a sample of several small companies was necessary.

As early as 1959, Phelps Brown emphasised the differences in management styles between small and large firms and the subsequent results for workers' attitudes. According to Brown, the manager of the small firm works in close contact with the employees and do not differ very much from them in manners etcetera. Thereby the resentment and insecurity normally felt by the wage earners is less compared to that of the wage earner in a large firm.⁸⁶

The four-field typology of David Goss from 1991 has been very influential in what is but a small field of research in the vast area of industrial relations research. In contrast to research focusing on free-market ideology, Goss advocates a research agenda on what he denotes the sociology of small business, i.e. a research on the social relationships of small business organisations.⁸⁷ He identifies four types of employee relations, ranging from high dependence of employers on employees to virtually none, 1) fraternalism, 2) paternalism, 3) benevolent autocracy and 4) sweating. Fraternalism means that the employer is highly dependant on the employees. He or she might even work along the employees, as may be the case in construction. Paternalism arises when there is a certain amount of co-dependence, i.e. the employer is dependant but so is the employee. When there are friendly relations between employers and employees, Goss denotes it benevolent autocracy. However, there is at the same time a clear rank within the company. Sweating means that the employees are substitutable and kept at as low cost as possible.⁸⁸

Paul Chapman states that as capitalist organisations, small firms as essentially the same as large ones. Further, he argues, do the control/resistance approach used by Goss over-simplify the discussion. The differences may

⁸⁵ Stake, R. (1994) p. 237.

⁸⁶ Brown, P. (1959) p. 105.

⁸⁷ Goss, D. (1991) p. 25.

⁸⁸ Goss, D. (1991) pp.73-91.

be, according to Chapman, rather, or to a larger extent, the result of different branch cultures than differences in sizes.⁸⁹

Small and medium sized enterprises differ considerably in size, production methods, ownership etcetera as well as other characteristics. Goffee and Scase distinguish roughly by size three different business and management styles in small enterprises. First, there is the self-employed, which only, if any, employs temporary staff. Secondly, there is the craft employer. Usually the business has few employees, but may have as many as 20, and is managed in closely-knit teams in an informal management style of mutual adjustment. The disadvantage with this style is that it is not especially well suited to growth. Thirdly, there is the entrepreneur. The firm is usually small, with some 50 employees, but may be much larger. The business is managed through the owner, who typically keeps control even if middle managers are employed. The business evolves normally around the owner and his preferences. Control may be exercised by different strategies according to Goffee and Scase. One is charisma, in which case the proprietor drives on his personal qualities. Another is paternalism, where the employer cares not only for economic but also social needs of the employee. In both these methods, the employee is dependent on the employer. A strategy of autocracy may also be adopted, where decisions are made in an instrumental and economic way. In that instance, the employee is more independent.⁹⁰

UK data show that trade union membership is usually lower in small businesses and so is the number of formal disputes. This does not mean that workers are neither very union hostile or that they would not contemplate to go on strike.⁹¹ US studies confirm the pattern of differences in unionism according to company size.⁹²

The industrial relations system in a certain company is mostly seen as resulting from and studied as interpersonal relations between individuals.⁹³ Aspects as production systems are often added but the emphasis is on actors and institutions. Seldom are economic aspects related to the individual business included. However, a prosperous company, with high wages and a stable future, probably cause employees to see less reasons for unionisation, than the employees of a company on the point of bankruptcy. The same might be said for the companies themselves and membership in employers' associations.

In the beginning of the study, two separate views on industrial relations in small companies was introduced, one emphasising the fundamental difference between small and large companies. The other stressed the fact that

⁸⁹ Chapman, P. (1999).

⁹⁰ Goffee, R. & Scase, R (1995) pp. 8-18.

⁹¹ Storey, D. (1997) p. 193.

⁹² Brown, C. et al (1990) p. 16, Peoples, J. (1998) p. 111.

⁹³ See for instance Ram, M. (1999).

they have one thing in common, that they are both companies, which make them similar; despite differences in size and that there are probably larger differences between companies in different branches than between companies of different size.

The results from this study show that small firms may differ in several respects from large ones, but that there are also similarities between companies of different size working in the same branch. The small businesses are less unionised, less organised in employers associations and have lower coverage of collective agreements. They tend to adhere to the general pattern of the branch they are working in, but to a lesser extent. Both the views on industrial relations in small companies thus seem to have merits, and possibly a combination of both of them would be most useful. However, the similarities between small companies in industrial relations as a result of their size are considerable, and for that reason that perspective should be enhanced, while the similarities due to branch are somewhat less important.

There is a certain discrepancy between what employers think of collective agreements and labour law, and what might have been expected. Obviously, the opinions of small firm owners and employers do not always confirm to those of their organisations or public debate. The employers' and employees in this study express a strong support for Swedish labour law and enhance the importance of employee security. In addition, the importance of the Swedish industrial relations system with collective agreements, trade unions and employers' associations was enforced by the interviews. In general, trade unions were strongly supported by the employers, while they sometimes were less enthusiastic about the benefits of an employers' association membership for their individual business. This should not be interpreted as low support for employers' associations in general, rather as doubt whether they are beneficial for small companies.

The study indicates that small companies are rather well adjusted within the Swedish industrial relations regime. They tend to fit well within the norms, being conservative rather than forerunners in reshaping the regime, confirming it instead of transforming it. It is hence probably more fruitful to examine them from an institutional point of view acting as (limited) rational economic actors, than as independent creators of social norms.

Interesting is also the different roles an employer may hold within a small firm. The four-field typology of Goss is usable, but it is clear that an employer may well have different roles in relation to different employees or groups of employees. This calls for additional research, as it implicates that the role of the employer is more complex and multi-faced than previous research may have indicated. Goffee and Scase's model is less illuminating; in fact it is more of a description.

The differences in roles and industrial relations between permanently and temporary employees as well as those between full-time and part-time employees are absolutely worth further exploration. As the number of employ-

ees in what is denoted non-standard employment is spreading, and in fact in some branches is standard employment, the impact is increasing. This study indicates that trade unions do not manage to attract them. A recent eiro⁹⁴ study confirms this, as Swedish non-permanent workers are only unionised to 69 per cent, compared to 85 per cent of permanent workers.⁹⁵ There is also evidence of rewarding systems benefiting only those who have the company as their main employer. Employees who need to have two or more jobs are thereby at disadvantage. Especially exposed are of course those employed by the hour, which works in a system most resembling sweating, where they are fully exchangeable. Their relation to the employer and their possibility to affect their working situation is very different from that of a permanent employee who has been with the firm for a long time. Non-permanent and part-time employment is more common among women than men, which makes this a gender issue as well.

This leads to an additional area of concern, namely the gender relations. There is a clear definition of hierarchy in the small companies in this study between men and women, both in positions and working conditions. As the relations also have implications for the surrounding society, the attitudes towards equality and gender relations in small companies are very interesting.

Industrial relations in the privatised and re-regulated telecommunications sector

The third article, 'Telekomservice i Sverige', published in Colclough, C. (ed.) (2003) *Liberaliseringens og globaliseringens konsekvenser for de faglige strategier i den nordiske telekommunikationsbranche – en komparativ analyse af de faglige organisationers udfordringer og udvikling i Danmark, Norge, Sverige og Finland*. Stockholm: The National Institute for Working Life, Working Life Research in Europe 3:2003, explores the outcome on industrial relations of the liberalisation process of telecommunications services in Sweden.

The liberalisation process of telecommunications begun in the United States in the late 1970s, followed by Great Britain. Not until the late 1980s and 1990s did other countries follow them. The development has differed between the countries, due to country-specific factors and institutions. However, two major groups of countries may still be distinguished. The first is the Anglo-Saxon group, in which the technological and market driven changes, stemming from the third industrial revolution, have caused and

⁹⁴ eiro is short for european industrial relations observatory, a monitoring project run by the European Foundation for the Improvement of Living and Working Conditions. It offers news and analysis on European industrial relations.

⁹⁵ eiro observer (2002) p. IV.

shaped the restructuring process. The other group, consisting of most European countries and Japan, has had a higher degree of social concerns and trade union influence on politics, here defined as labour-mediated countries. Hence, the outcome of the restructuring process has been shaped not with just market efficiency in mind, but with dual ambitions.⁹⁶ Evidently, the institutional context, especially informal institutions, as the socially acceptable way of restructuring businesses, has been highly important in shaping the process and consequently also the effects for companies, employers and employees.

The process of deregulation or re-regulation of telecommunications has admittedly had effects on industrial relations within the sector. Evidence from the US points to that unionisation decreased as a result of more small businesses emerging as a result of the introduction of competition.⁹⁷ The same is true for other countries as well.⁹⁸ I have shown that the breaking up of the Swedish telecommunications monopoly caused noticeable changes of industrial relations, including lower degrees of unionisation. However, the effects have so far been limited as the reformed monopolist, Telia, still has a dominating share of the market and is by far the largest employer.⁹⁹ Less is known about the effects on industrial relations within the reformed monopolists. Hitherto, research has been concentrated to general effects on sector level, while the company level has been to certain extent neglected. One valuable exception is Katz (ed.) 1997, which examines the effects of restructuring on work and employment relations in ten countries. The studies include changes on company level of the former monopolists. One of the conclusions was, that in labour-mediated countries, such as Norway and Germany, and in Mexico, the unions had influence over the restructuring process. However, the study was conducted at a time when many European countries were still only in the beginning of the restructuring process, including Germany and Norway. Keefe and Boroff 1994 made a study of the ten-year period following the American AT&T divestiture. They concluded that the result was a decrease in employment, but also in unionisation, as the company bought as well as started non-union businesses. The relations between the unions and management deteriorated, but begun to improve again by the end of the ten-year period. The trade union CWA did however manage to keep a certain position by engaging in strategic planning.¹⁰⁰ The study aims at studying the effects on industrial relations, focusing on the trade unions, of the Swedish telecommunications service sector, 1990 to 2002.

⁹⁶ Katz, H. (1997) pp. 1-2.

⁹⁷ Peoples, J. (1998) pp. 113-114.

⁹⁸ Katz, H. (1997) pp. 23-24.

⁹⁹ Murhem, S. (2001) pp. 404-406.

¹⁰⁰ Keefe, J. & Boroff, K. (1994) pp. 327-332, 341.

The study was based on quantitative data from Statistics Sweden and other official sources, written material from the organisations and semi-structured interviews with representatives of the trade unions. The trade unions are *SEKO*, the blue-collar union, which is member of the central organisation the Swedish Trade Union Confederation, *LO –Landsorganisationen*, *Sif*, formerly *Svenska Industritjänstemannaförbundet* (Union of Clerical and Technical Employees in Industry) for white-collar workers, affiliated with the Swedish Confederation of Professional Employees, *Tjänstemännens Centralorganisation – TCO* and *the Swedish Association of Graduate Engineers – CF*, affiliated with the Swedish Confederation of Professional Associations, *Sveriges Akademikers Centralorganisation – SACO*. The interviews were conducted as a part of a project on the effects of globalisation on the Nordic trade union movement and took place in February 2002 to March 2003 in Stockholm or over the telephone. The informants were sent questions beforehand. As a means of respondent validation¹⁰¹, the study was sent before printing to some of the interview persons and was also discussed on a meeting with the Nordic Tele Organisation, the co-operation organisation of the telecommunications trade unions in the Nordic countries.

The 1990s has meant an almost complete restructuring of Swedish telecommunications services. The process did actually begin in the 1980s, and has not ended yet, but the 1990s is still the decade when the most and the most important changes took place. For everyone involved, the introduction of competition, the new company Telia and the privatisation has been a thorough change. Stemming from ideological changes, the notion of natural monopolies has been replaced with claims for competition and efficiency. Both non-socialist and socialist political parties of Sweden has acted according to that notion, even if the former have a more ideological standpoint, while the latter were more pragmatic. The technological development has certainly also been a factor contributing to the changes. The development has been similar in most European countries, enforced by European Union demands for deregulation and growing competition. However, the Swedish situation has been more of a re-regulation than a deregulation, as the amount of regulation has not decreased, but rather reformulated. The secure employment, even for life in some cases, of Telia was turned into mass reduction of employment. Some employees have been laid off; others have been transferred to the new Telia stock company. Other employees again are now working in outsourced Telia businesses, with new employers, businesses that in turn may lay off employees (and actually have). Others again, some new within telecommunications service and some experienced, work in the companies established since the liberalisation. The trade unions have faced a new and more complex situation.

¹⁰¹ For further information on respondent validation, see Bryman, A. (2002) p. 259.

When Televerket was transformed into Telia, two different union strategies were chosen, resulting in one reoriented trade union, one with a new working field who gained 11.000 members and one who lost 11.000 members and whose field of work diminished. The first strategy, chosen by the LO trade union *Statsanställdas förbund*, was to keep their field of work and their members, but change their name and employer category, from public authority to private/public company.

The second strategy, chosen by the TCO trade unions, was to keep the traditional division between the trade unions concerning category (public or private/company). The employees of Televerket had to change trade union, from *Statstjänstemannaförbundet* (The Union of Civil Servants) to *Sif. Statstjänstemannaförbundet* thereby lost the telecommunication service employees of Telia, and more than 10.000 members left. In fact, the Union of Civil Servants had about 121.000 members before the restructuring process of the public sector and the so-called natural monopolies began, a process also including post and electricity, and only about 86.000 members afterwards. The restructuring process coincided with a depression in the Swedish economy, which affected public employment too, so not all of the diminishment should be considered an affect of the forming of companies from government authorities, but its effects were substantial. At the same period of time, *Sif*, which received most of the white-collar members from the former authorities, grew from 308.000 members to 364.000. Even before the increase, *Sif* was the largest TCO trade union, but its importance improved of course with the number of members, while the opposite was the case with the Union of Civil Servants. Within Telia, *Sif Tele* became the largest local trade union club. As CF organise members of a certain profession, they were not affected to any larger extent by the forming of Telia.

When Telia was formed, the trade unions argued that a new employers' association should be created for the new public companies. This was also the case, but it was abolished in 1996 and Telia joined the new SAF employers' association, which was formed, *Almega IT-företagens Arbetsgivarorganisation*. The reason for the new employers associations was to establish an organisation for the new and increasingly important ICT sector, but also to provide room for the new company resulting from political ambitions shared by the employers' association. The result is that the membership rate of the employers' confederation, Confederation of Swedish Enterprise, has augmented, which has amplified its power.

The restructuring meant that many employees had to leave their employment at Televerket/Telia. However, the trade unions and management worked closely to develop a program with a variety of measures including retraining, further education, mentors, severance pay and manpower agencies. Solutions were found for most of the employees and few of them became actually unemployed. The process was of course even though deeply

disconcerting for everyone involved, those who had to leave, those still employed, the management and the trade unions.

The new management of Telia had a different view from Televerket management's on co-operation among the social partners. The former management had been fostered in the old Swedish civil servant tradition, while the new management had a different background. In combination with the painful and intensive work due to the efforts to reduce the number of employees, this caused new patterns of co-operation to evolve. The new mode, which was more of a process in which management and trade unions worked together, meant more influence, but also more responsibility for the trade unions. Also, the replacement of the old authority board with a company board meant that trade unions had to change how they work as their representatives sometimes are now bound by silence. Instead, the trade unions now develop policies on subjects, instead of discussing specific issues. Therefore, the rank and file may feel that they have less direct influence in decision-making.

The effects of the restructuring is consequently more complicated than might seem at first sight. While organised labour may have lost somewhat in degree of organisation, the difference within Telia is limited. The number of people employed by the organisation Televerket/Telia has diminished, and the process has been disturbing. But at the same time, new and deeper modes of co-operation between managers and employee representatives have evolved. The restructuring process has had far reaching effects; in fact it has affected the system of industrial relations by changing the weight of the organisations involved, i.e. *SEKO/LO* and *Sif/TCO*.

That the trade unions have had an influence during the restructuring process is probably due to the strong traditions of trade union influence in Sweden, reinforced by legislation on co-determination. Before laying off employees, the employers have to negotiate with the trade unions of the company. The Swedish regime of industrial relations emphasises co-operation between the social partners. Sweden is, accordingly, a labour-mediated country, and as such, we might expect strong trade union influence on restructuring, according to the results of Katz et al 1997. This is also the case here, and emphasises the importance of the labour market regime when it comes to how a change may be dealt with. It may also explain why the Swedish unions managed comparatively better than the Americans did in the case of the AT&T divestiture.

The liberalisation of telecommunications has also caused an increased amount of internationalisation within the sector; even if it is limited still within telecommunications service compared to other ICT branches. However, the trade unions do co-operate internationally. In two particular areas, the trade unions used their international contacts. The first was when they arranged for the mergers (first with Telenor and later with Sonera) and used their contacts within the Nordic Telecom Organisation to prepare the way in

order to secure union influence. The second was to use fellow Nordic trade unionist to try to influence Norwegian Telenordia to sign a collective agreement.

Industrial relations in the internationalised metal sector

The fourth article consists of two chapters written together with Paula Blomqvist on trade union strategies within the metal industry for dealing with the internationalisation, or rather Europeanization of the economy as well as politics, which has taken place during the 1990s. The chapters 'Inledning' and 'Globalisering och fackligt samarbete inom svensk metallindustri', were published in Blomqvist, P. & Murhem, S. (eds.) (2003) *Fackliga strategier för att möta globalisering och regionalisering inom metallindustrin. En jämförande studie av fyra nordiska länder*. Stockholm: The National Institute for Working Life, Working Life Research in Europe 3:2003.

Enlarged internationalisation of trade and investments, a visible result of the third industrial revolution, "was bound to increase the vulnerability of unions, if only because it ended the relative isolation of post-war national and political economies".¹⁰² First to act among trade unions against the feared "social dumping" was the American trade union movement, followed by the IMF (International Metalworkers Federation). The European trade unions, highly dependant on exports, have worked along a more pragmatic line, trying to maintain political support for employees' rights. However, European integration has made trade unions as well as welfare states more exposed.¹⁰³ The trade unions of Europe have consequently chosen to promote the European trade union movement. Labour representation has been Europeanised, mostly at the top level (European Trade Union Confederation), but also at company level, due to the introduction of European Works Councils, Ross and Martin claim. They do also point to the fact that the trade unions of Europe are reluctant to leave their national turf and develop European strategies. The development that has admittedly been achieved, is mostly a result of European bodies, foremost the Commission, and their work to enforce trade unions on the European level.¹⁰⁴ The future introduction of Euro-companies is likely to further challenge the national trade unions.¹⁰⁵ What stand has been taken by the Swedish trade unions, here exemplified by the trade unions of the metal industry?

The study was based on semi-structured interviews with representatives of the three Swedish metal trade unions, Nordic Metal and the European Metalworkers' Federation, EMF, European Trade Union Confederation,

¹⁰² Ross, G. & Martin, A. (1999) p. 9.

¹⁰³ Ross, G. & Martin, A. (1999) p. 15.

¹⁰⁴ Ross, G. & Martin, A. (1999) pp. 335-337.

¹⁰⁵ For a discussion on Euro-companies, see Johansson, H. et al (2001).

ETUC, the Swedish LO-TCO-SACO Brussels office, members of the European Parliament and written material such as protocols etcetera from Nordic Metal and the trade unions. The study was a part of a project on the effects of globalisation on the Nordic trade union movement. The interviews were conducted in Swedish or English in February 2002 to February 2003 in Stockholm, Brussels, Degerfors and Gothenburg. The informants were sent questions beforehand, around which the interview/discussion evolved.

For a discussion in general on interviews, see article number two. In this case, we were interested not so much in opinions, even if they were important too, as in facts, and for that reason we had to use a different way to deal with the problems of possible interview person agendas, forgetfulness etcetera. To compare the interviews with written material, such as protocols, annual reports, official material of various kind etc, was an important way to be able to judge their value.¹⁰⁶ Also, interviews may be compared to other interviews, to provide perspective and enable evaluation based on comparison. In this study, both comparisons with written material and a variety of interviews of people from different organisations were used. As a means of respondent validation, aiming at correcting possible misunderstandings and faults concerning facts, but not the analysis itself, the study was presented at two stages of the research process to respondents and trade unionists. First, on a meeting with some of the interview persons, and later on a Nordic Metal negotiation group meeting, with representatives from all Nordic countries, including the three Swedish trade unions.¹⁰⁷

The globalisation or internationalisation of the economy has meant new challenges for trade unions. New production methods, increasing competition from low wage countries, foreign ownership and the increasing possibility to transfer capital and production between countries means that the trade unions has to develop new strategies to deal with these issues. In addition, politics has become more European, with the Swedish European Union membership.

The European trade unions have acted pragmatically in order to prevent social dumping and to prevent erosion of social rights for workers through co-operation within the European trade union movement. Trade union co-operation within the European Union has also been enforced by Delors' 1985 invitation to the trade unions to engage in the Social Dialogue. It has been claimed that the European Monetary Union (EMU) makes a co-ordination of the wage bargaining system in Europe crucial, in order to prevail a both economically and socially sound system.¹⁰⁸ This has also been the posi-

¹⁰⁶ For an example on how to use interviews and a discussion on comparison with other written sources in economic historical research, see Isacson, M. (1990) pp. 179-217.

¹⁰⁷ For a discussion on the problems with respondent validation of researchers' analyses, see Bryman, A. (2002) p. 259.

¹⁰⁸ Traxler, F. (1999) p. 127.

tion taken by the European Trade Union Confederation, ETUC¹⁰⁹, understandably perhaps, as such a development would mean an altogether entirely new and powerful position for the European trade union movement. However, there are also many doubts as to if there may actually be any definite co-ordination in the foreseeable future, or if the result to the very largest extent will be limited to agreements on paper.¹¹⁰ Transnational collective bargaining networks have nevertheless been considered as the most probable development, a development causing the European industrial relations system to turn into a co-ordinated system with remaining national differences. Such are also the intents of ETUC.¹¹¹ Streeck has also emphasised that industrial relations across borders will develop, but rather to extend the national systems, than to replace them.¹¹² The most advanced trade union federation in Europe, when it comes to co-ordination of collective bargaining, is without a doubt the European Metalworkers Federation.

The European Co-ordination Rule agreed to by the EMF in 1998 includes three major elements, the wage co-ordination rule, working time and vocational training. The most controversial aspect of co-ordinated bargaining concerns wages. The minimum standards on working hours and vocational training hitherto agreed to are less contentious, but neither of the elements has influenced national bargaining to any large extent so far.¹¹³ The guidelines for wage agreements consists of inflation plus a fair share of productivity gains. The qualitative aspects of the agreements should be taken into account, as well as growth in wages.

A third possibility, apart from European negotiations and bargaining networks, is to use European Works Councils for bargaining on a (European) company level.¹¹⁴

Many researchers have warned that in spite of the intentions, national unions may well be hesitant towards Europeanization of industrial relations. The different paths taken by the countries may prevent harmonisation, and there is a lack of counter-parts for trade unions on the European level, which otherwise may have improved the incentives.¹¹⁵ Ramsay has identified several obstacles for the internationalisation of trade union relations. The first is the institutional differences between countries and the differences concerning labour politics. The second is unwillingness from employers as well as trade unions to transfer power to a supranational level. In addition, employ-

¹⁰⁹ Greenwood, J (1999) p. 167.

¹¹⁰ Biagi, M. (2000) p. 42, Calmfors, L. et al (2001) pp. 128-129.

¹¹¹ Traxler, F. et al (2001) p. 305.

¹¹² Streeck, W (1998) p. 31.

¹¹³ Schulten, T. (2002) p. 16.

¹¹⁴ For a discussion on European collective bargaining on a European Works council level, see Rojot, J. et al (2001).

¹¹⁵ Streeck, W. (1998) pp. 10-11.

ees may also be uninterested in international trade union activities. Finally, the international trade unions lack funding compared to national ones.¹¹⁶

During the 1990s, the metal industry of Sweden has become increasingly internationalised. However, we may rather speak of a Europeanization, or maybe Westernization, as the European level is increasingly important in Sweden. Foreign ownership grew in the Swedish metal industry, at the same time as the industry maintained and actually amplified its share of employment as well as productivity. The production structure of the metal industry changed during the period, as the telecommunications industry became increasingly important, while others, such as iron and steel production, declined.

Not only has the economy become increasingly Europeanised, but so has Swedish politics, due to the Swedish EU membership. The Swedish metal trade unions; Swedish Metalworkers' Union, *Svenska Metallarbetareförbundet*, *Metall* for short, for blue-collar workers, affiliated with the central organisation the Swedish Trade Union Confederation *LO – Landsorganisationen*, *Sif* for white-collar workers, affiliated with the Swedish Confederation of Professional Employees, *Tjänstemännens Centralorganisation – TCO* and the Swedish Association of Graduate Engineers – *CF*, affiliated with the Swedish Confederation of Professional Associations, *Sveriges Akademikers Centralorganisation – SACO*, have definitely taken a stand for European cooperation as a means of preventing decreases in working conditions and wage levels for Swedish employees caused by the internationalisation. They have also devoted time and funding to it, even if the degree has varied from *Metall*, which has considerable resources, to the comparatively, by Swedish standards that is, poor *CF*. However, that stand has been combined with a strong emphasis on the importance of keeping the national collective agreements and level of decision-making. The Swedish tactics have focused on voluntary, rather than binding agreements, with room for national negotiations.

This means that the different levels on which trade unions act have changed their relative importance. The European work is becoming more important. The trade unions coordinate their European work and standpoints together with the other Nordic countries in Nordic Metal, *Nordiska Metall*. This means, that while the Nordic level in itself has become less important, the organisation Nordic Metal has amplified its importance and tasks. Until the middle of the 1990s, Nordic Metal consisted solely of blue-collar trade unions, but has since, on *Sif's* initiative, been enlarged to contain also the white-collar trade unions. The Nordic trade unions within Nordic Metal feel that they do make an impact in EMF and that they have got considerable influence in the federation.

¹¹⁶ Ramsay, H. (1999) p. 214.

The Swedish, as well as the other Nordic trade unions were reluctant to accept the Wage co-ordination Rule. Though, pressure from other EMF members caused them to accept a compromise, which allowed larger national variations on and flexibility in the content of wage increases, i.e. what was counted as wage increases may also be shorter working hours etcetera.

The three Swedish metal trade unions have a close cooperation in European issues. Together, they have issued a special program for European Works Councils, EWCs, their inauguration and goals. The trade unions have actively promoted the European works councils, but are definitely against using the works councils for collective bargaining of core areas such as wages, while other issues, for example equality may be negotiated. The support of works councils has caused a bigger emphasis on the local level. In addition, new challenges has appeared on the local level, as shown in the case studies of Volvo and AvestaSheffield/AvestaPolarit, with increasing foreign direct investments coming into Sweden, and ownership thus is transferred from Sweden. As shown in the case of AvestaSheffield/AvestaPolarit, the trade unions then easily loose the power to affect their situation.

The obstacles forwarded by Ramsey, are to a larger or smaller extent evident in the Swedish metal trade unions' actions. The institutional differences between the countries are considered important as reasons to maintain the national level and pattern of negotiations. The most obvious is of course the unwillingness to transfer power from the central national level. Also, trade union members may not be willing to give up national power, and do in fact differ in their opinions on EU from trade union officials. The lack of funding for international trade unions does not affect the Swedish trade unions as much as many others, but is certainly a factor for the EMF.

The past ten years have definitely meant a shift in the trade unions' work from a national and international level to a European. At the same time, the importance of the local level has improved with the launching of the European works councils.

Concluding remarks

The thesis shows that the 1990s was a period when the labour market regime of Sweden changed. However, those changes took place within a certain context and were governed by a strong path dependence. The high degree of unionisation and coverage of employers' associations and collective bargaining prevailed. The path dependence is also evident when it comes to how Swedish trade unions act in a European context, where they are unwilling to delegate any power, try to protect their turf and have a strong wish to stick to the national pattern.

The changes brought by the third industrial revolution amplified during the period. Especially the internationalisation or Europeanization (Westerni-

zation) of the economy, foremost the upsurge in ingoing foreign direct investments, increased the Swedish industry's dependence on non-national actors and economy. Thus, the employers and the trade unions had strong incentives to come to an agreement (the Industrial Agreement), which could achieve international competitiveness. As such, the employers seem to consider it a success. The new understanding on important issues shown by the social partners is further emphasised by the increasingly shared view on labour law shown by Bruun.

We might speak of a new regime, not only because of the 1997 Industrial Agreement. To the new bargaining system should be added the internationalisation or Europeanization, not necessarily of solely industrial relations, but rather of the political decision making process (EU membership), causing the trade unions to adapt. The political process to which the trade unions and employers associations adapt also include liberalisation, abandoning monopolies etcetera. The results of the telecommunications service sector study indicates that liberalisation may have altered the conditions, i.e. weakened the position for trade unions, employers' associations and collective bargaining. Nevertheless, it is also clear that those changes, while enforcing the argument of a new regime, are not as ample and substantial as the impact of internationalisation.

The internationalisation, or more accurately, increasing dependence on trade and investments to and from Sweden to and from, primarily, the Western world means that internationalisation is not only political, but moreover economic. This also causes adjustments of industrial relations, both of trade unions and employers' association. Mergers with foreign companies and foreign ownership of Swedish companies mean new management ideals, sometimes not union friendly, and managers located far away from the trade unions. This may complicate the traditional Swedish trade union-management relations and limit the possibilities of the local trade unions to affect their situation and future. They may not be interested in joining an employers' association either, even if evidence from the study on ICT companies show that surprisingly many have been. So far, the Swedish pattern appears to have been quite durable, but there can be little doubt that the Europeanization means the beginning of a new era.

The third industrial revolution has led to a rise in the amount of service sector companies and small companies. They differ from the classic picture of Swedish industrial relations, which is based on large companies and industry. The service sector is thus different from the industry sector, but still has many of the characteristics of Swedish industrial relations, such as comparatively strong trade unions and employers' association as well as coverage of collective agreements, albeit lower than manufacturing industry. The financial difficulties for the ICT sector have enforced the traditional industrial relations pattern.

The evidence from the small companies' article points to the differences between small and large companies in industrial relations. While there are similarities between companies in the same sector, the similarities between small companies compared to large one, is most likely larger. So, a growing amount of small companies probably changes the overall industrial relations regime. Nonetheless, the employers and employees had a strong loyalty to the traditional Swedish industrial relations regime, and therefore the changes are likely to take place within a strong path dependence. In addition, the study also showed that using a neo-institutional perspective was more fruitful than the notion of firm sociology.

Compared to the outline of regime periodicity shown earlier, I would mark the beginning of the new era somewhat earlier than Elvander, and certainly earlier than Lundh. Without underestimate the importance of the Industrial Agreement, in my opinion, the importance of the greater international, or rather European, interdependence, both economic and political, here symbolised by the Swedish European Union membership of 1995, and the consequences for the industrial relations system should be emphasised. The increasing international, or rather European and American, dependence (and competition), has definitely changed the conditions under which the industrial relations system evolve. The Industrial Agreement is a result of that process. Multi-national corporations are increasingly powerful, as owners and employers. In combination with more and more decisions being made on a European level, including the new European Employment Strategy and the emerging Euro-companies, the result is a fundamental change of national industrial relations regimes. However, as Roche states, the changes are governed by path dependence. The rise in small companies as well as service sector businesses, can also account for the increasing heterogeneity of industrial relations predicted by Hyman. We may also expect larger differences in industrial relations between companies with foreign and Swedish owners. In the future, the differences within Sweden is likely to be more visible, and the new regime more complex than the two previous ones. The growing differences between countries foreseen by Crouch may be counteracted by an enforced importance of European trade unionism if the actors, both trade unions and employers' associations, have the capacity and the will to overcome the obstacles listed by Ramsay.

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