Combating and Preventing Unemployment in Sweden

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Abstract—In Sweden the needs of the labor market are regularly monitored. Test results and forecasts translate directly into the education system in this country, which is largely a state system. Sweden is one of the first countries in Europe that has used active labor market policies. It is realized that there is an active unemployment which includes a wide range of activities that can be divided into three groups: Active forms of influencing the creation of new jobs, active forms that affect the labor supply and active forms for people with disabilities. Most of the funding is allocated there for subsidized employment and training. Research conducted in Sweden shows that active forms of countering unemployment focused on the long-term unemployed can significantly raise the level of employment in this group.

Keywords—Sweden, research conducted in Sweden, labour market, labour market policies, unemployment, active forms of influencing the creation of new jobs, active forms of countering unemployment, employment, subsidized education employment.

I. INTRODUCTION

Sweden, being a welfare state, is characterized by high level of social security and a well-developed private sector. The maintenance of the generous welfare system requires considerably high tax rates. This model of welfare state, introduced in the 1930s, has been supported by the citizens of Sweden who uphold ideas of democracy, social justice, dialogue, and cooperation between the private and the public sector [16]. Swedes adhere to the principles of equal opportunities for all and aid regardless of one’s income; they also oppose all forms of discrimination. Sweden supports unrestricted access to such non-commercial services as education, including higher education, healthcare, elderly and disabled care, as well as child care [13].

The Swedish labour market policy is regulated by the state, whose aim is to provide full employment and encourage dynamic economic growth. In comparison with other European countries, Sweden enjoyed a low unemployment rate for a long time. The government is committed to reducing the unemployment rate and achieving full employment.

II. THE SWEDISH LABOUR MARKET

The idea of full employment in Sweden goes back over one hundred years and it is based on two pillars – the principle that work is each citizen’s obligation and the conviction that the state should provide work to anyone wishing to work. In Sweden it is believed that it is the citizens themselves who carry the responsibility for their own welfare and prosperity.

In the 1990s Sweden was hit by the economic crisis, which was followed by a serious budget deficit. At that time also the unemployment rate was the highest in the country’s history (in 1997 it reached 9.9%). The number of the unemployed in 1990-1997 increased from 80,000 to 437,000 people [14]. This situation resulted from high tax rates necessary to cover the costs of social security; the ageing society; the rapid growth of the ICT; globalization; and vast bureaucracy that hindered the development of private enterprises.

The measures undertaken to reduce unemployment included the reduction of the unemployment benefits by 10% and the introduction of education vouchers. Moreover, the poorly educated unemployed were offered a wide range of courses to develop their skills. Healthcare was taken over by local authorities and municipalities, who signed contracts with private healthcare providers. What followed were cuts in the public sector – the number of civil servants was reduced by 45% [2]. The changes affected also child care – parental leave was prolonged, and the paternity leave was extended from one to two months. Finally, the long-term unemployed people were offered programmes aimed at combating unemployment [20]. In 2003-2014 the unemployment rate fluctuated between 6.6% and 8% (Fig. 1).

Sweden, just like other European countries, struggled with high unemployment. According to Eurostat, out of the last twelve years, those with the highest unemployment rate were 2009 and 2010. The level of unemployment is influenced by the economic growth, the economic condition of the country, and the periods of employment growth and decline. In 2001, Sweden successfully reduced the unemployment rate to 5% and maintained this level until the following year. During the crisis, in 2002-2005, the unemployment rate was gradually increasing. Thanks to the undertaken measures, the unemployment rate was gradually decreasing to reach a relatively low level in 2007 and 2008. Then, as a result of the global economic crisis, the level of unemployment was on the rise again until 2010 [2].

The relatively low level of unemployment, in comparison with other countries, is a result of the high flexibility of the labour market. Many people, especially women, work part time and they do not have to keep fixed working hours. In 2012, 25.8% of women worked part time: a relatively high proportion in comparison to the European Union’s average, which was 16% at that time [8]. Moreover, one cannot underestimate the importance of trade unions, since 80% of the employed are members of these associations [15].
In order to increase employment and combat unemployment, a programme was designed in 1996 whose objective was to make up to 200,000 new workplaces available in 1997-2000. The implementation of new schemes to improve the situation of the households stimulated consumption and, consequently, the employment rate started to rise in 2004 [11]; this trend continued till 2008 [8]. The last economic crisis caused the unemployment rate to increase again, however high GDP in Sweden protected the country from dramatic changes that occurred on other European labour markets. The changes in the employment levels are presented in Fig. 2.

In Sweden, the majority of employed people are highly qualified and mobile. A large percentage of Swedes between 25 and the retirement age (40%) pursue lifelong learning. In comparison, in Europe this value amounts to 11%, while in Poland to only 5.6% [24].

The Swedish education system encourages lifelong learning and it is based on the principle that everyone, regardless of their ethnicity and financial situation, should have equal access to education. Sweden is at the forefront of countries whose expenditure on education is the highest (5.8% of GDP on average) [19]. The vocational training programmes include on-the-job training, whose duration is no shorter than 15% of the total programme time [19]. As many as 98% of the graduates of primary schools continue their education at the secondary level. As far as the tertiary level is concerned, the majority of higher education institutions is state schools, and therefore free. In the 1990s, the Swedish government allowed for the establishment of private higher education institutions; nevertheless, the state-run higher education institutions enjoy greater popularity. The lowest degree in higher education is received after two years of studies, a bachelor’s degree after three years, and in order to receive a master’s degree one has to study for at least four years. All students are offered scholarships throughout university education [19]. In accordance with the principle of lifelong learning, in the Swedish education system also adults are offered free coursers as well as opportunity to gain further qualification and to retrain.

III. THE SWEDISH PUBLIC EMPLOYMENT SERVICE

An institution that implements employment policies and oversees and the labour market in Sweden is the Ministry of Employment [12]. It consists of four divisions: The Division for Labour Market Policy, the Division for Labour Law and Work Environment, the Division for Research and Analysis, and the International Division. The Division for Labour Market Policy’s area of responsibility is the implementation of
services and programmes on the labour market. The Division for Labour Law and Work Environment handles working conditions, working hours and regulations concerning the wages. The Division for Research and Analysis monitors the implementation of services and programmes on the labour market, and prepares reports and analyses. Finally, the International Division is responsible for cooperation with the European Union and other international institutions.

The Ministry of Employment is supported by nine agencies. One of them is the Swedish Public Employment Service (Arbetsförmedlingen). This institution has 325 local offices operating in 69 regions and it offers free services to the unemployed and jobseekers. Within the Public Employment Service, there are 110 units whose aim is to support the unemployed people with disabilities. Their staff members include vocational counsellors, intermediaries and coaches. Since 1993, private employment offices have also been operating alongside the Swedish Public Employment Service [12].

The Swedish Public Employment Service implements both passive and active labour market programmes whose objective is to combat unemployment.

IV. PASSIVE PROGRAMMES TO FIGHT UNEMPLOYMENT

Sweden has implemented a twofold unemployment protection system; the basic component offers compensation to all people who have lost their jobs, and the additional one is insurance (in Sweden there are 36 unemployment insurance funds). The basic scheme is managed by the National Labour Market Board, while an additional one is run by the trade unions and overseen by the National Insurance Board. Unemployment insurance is not obligatory in Sweden, yet around 90% of the employed are insured. People who are unemployed but have had at least a 12-month period of employment, receive 80% of their average previous-year income for the first 200 days, and for the following 100 days – a compensation that amounts to 70% of their average previous-year income [6]. Only those with dependent children under 18 are eligible for receiving benefits for an additional 150 days.

The other benefit scheme applies to those jobless individuals who do not have unemployment insurance but who had worked for at least five months within the past year and who have been looking for a job through the employment offices. These benefits are given to the unemployed aged 20-64 and the compensation amounts to around 30% of the average pay. The unemployed are entitled to this benefit for 150 days if they are under 55, and for 450 days if they over 60 [10]. After that time, the unemployed are no longer eligible for unemployment benefits and are enrolled in the active labour market programmes.

V. ACTIVE LABOUR MARKET PROGRAMMES IN SWEDEN

Sweden is at the forefront of the European countries that implement active labour market policies. The active programmes introduced to combat unemployment can be divided into three groups: Programmes that encourage the creation of new workplaces, programmes that influence the supply of labour, and programmes for the disabled [17].

Depending on the programme, the unemployed person receives unemployment benefit as well as a training benefit or a scholarship. If the family situation of an unemployed person is difficult (disability, single parent household etc.), they receive additional financial aid from the local authorities. Local government institutions and social services play an active role in providing the unemployed with suitable active programmes. The qualification process encompasses a thorough analysis of the situation of the unemployed conducted by the representatives of the local administration and social services. They investigate the unemployed person’s family situation, qualifications, the possibility of relocation, the duration of unemployment, as well as the possibility of undertaking a part-time job. Such an approach allows for a selection of a suitable programme that addresses the needs of the unemployed and produces visible effects. The author collected a lot of valuable information on active measures to combat unemployment during interviews with Anneli Hedlundand Johan Hemmingson from the professional activation division at Arbetsförmedlingen in Stockholm.

Active Programmes to Fight Unemployment that Support Finding a Job

Creating an Own Subpage on the Employment Office’s Website (www.arbetsformedlingen.se) [22]

An unemployed person can create their own subpage, upload their CV and hence increase their chances of finding a job that matches their qualifications, skills and expectations. Such subpages also facilitate employers’ search for suitable candidates [21].

Database of Vacancies

A database of positions available in Sweden can be found on the Swedish employment office’s website. One can log in, upload their CV, and subscribe to receive job offers (via email) matching their qualifications and expectations. Submitting a CV to the main database of the Swedish employment office facilitates the employers’ direct contact with the prospective employees. The CV contains five sections: personal data, skills and achievements, self-presentation of a candidate, positions that a given person is interested in, and a permission to link a given CV to available vacancies. This database is considered to be the largest as far as job offers for both employers and employees are concerned. The jobseekers can use it to look for job offers, including the recently added ones (the database is updated every 5 minutes); to look for temporary job offers, namely jobs for up to three months, and to search for available positions abroad. The database also allows the jobseekers to check which professions are in demand at the moment in different regions [21].

Developing an Action Plan

Within fourteen days of the registration at the
Training [20]. The objectives of the courses include, depending on the module, which does not exclude the participation in group employment training modules.

Help of the Employment Coach

The employment office counsellor helps the unemployed person write their CV and prepares them for a job interview. Moreover, the jobseekers are suggested additional courses and further training in order to increase their competitiveness on the job market [18].

Help in Creating a Positive Personal Image

This programme seeks to help the jobseekers build a positive personal image. The employment office counsellor helps the unemployed person make a good impression, compile a list of prospective employers, etc. Due to the large number of foreigners seeking jobs on the Swedish labour market, the employment services may assign them an instructor who speaks their language. A coach should be familiar with the local labour market and have contacts with entrepreneurs [18]. Often coaches work with small groups encouraging the unemployed to share their experiences and providing them with invaluable assistance.

Recruitment Meetings

Once a week each employment office holds a recruitment meeting with potential employers looking to fill the vacancies in their companies; they are searching for different staff members, including managers and unskilled workers [20].

Active Programmes to Fight Unemployment Whose Aim Is to Gain Further Qualifications

Training and Courses

Swedish employment offices offer all unemployed – adults and the young – different courses and training programmes taught by specialized external institutions. One of the most significant actors in this respect is the AMU Gruppen, a company financed by the state. AMU offers over 3,500 employment training modules.

Each participant of the course follows an individual training module, which does not exclude the participation in group training [20]. The objectives of the courses include, depending on the needs of the unemployed, obtaining further qualifications, gaining new skills, or introduction to the labour market. The courses last up to approximately six months and they are devoted to particular workplaces [21].

Active Labour Market Programmes Connected with Subsidised Employment

Subsidised Workplaces – New Positions

A company that hires an unemployed person can receive some financial compensation. The employer receives a subsidy when hiring [3]:

- Unemployed individuals who performed full-time social work for at least six months; the subsidy amounts to around 50% of the yearly employment costs;
- Individuals aged 20-26 who were unemployed for at least six months over the previous year; the subsidy amounts to around 50% of the yearly employment costs;
- Individuals over 26 who are unemployed but have participated in one of the active labour-market programmes and who receive disability or rehabilitation benefit; the subsidy amounts to around 50% of the 5-year employment costs;
- Unemployed individuals over 55; the employer receives a subsidy of around 50% of the employment costs for twice as long as the person remained unemployed, yet only until the person reaches the age of 65.

Self-Employment Grants

Unemployed individuals over 25 registered at the public employment office can apply for self-employment grants. The grants are awarded to those applicants who meet certain criteria. An individual has to fill in a special form and provide details of their business activity. Next, the application is analysed by business experts from the employment office. They verify the proposal and, if accepted, the individual is offered professional support, training, information, and guidance in a given business field. The training lasts up to six months; then, the individual starts their company but also receives the equivalent of the unemployment benefit of SEK 320 a day (for six months in the case of men, and 12 months in the case of women) [18].

Active Labour Market Programmes for Groups Particularly at Risk of Unemployment

Active Labour-Market Programmes for the Young Unemployed

Swedish employment offices constantly monitor the labour market and determine which professions are in demand at a given time; the list of such professions, as well as movies about them, is available at www.arbetsformedlingen.se [22] in the “Occupation and Future” section [19]. Such information helps young people plan their future careers though the analysis of the list of professions in demand and the vacancies in different parts of Sweden.

Young people in danger of long-term unemployment are of major concern to the government, hence they are offered a wide array of professional activation programmes. The offer includes [17]:

- Vocational counselling and services supporting job seeking that have become an integral part of the programmes addressed to the unemployed youth.
- Individual action plans are designed for them within two weeks of the registration at the employment office;
- Training centres for young people that combine on-the-job training with vocational and general education;
- Support in obtaining secondary education by young adults who have been unemployed for a long time;
- Allocation of additional funds by the local authorities in order to create temporary workplaces for unemployed young people;
• Financial support for NGOs dealing with the problems of unemployed youth.

The following section presents the most important active labour market programmes for fighting unemployment among young.

• Youth employment guarantee – an active measure undertaken to fight unemployment among people aged 16-24. Employment offices cooperate with enterprises that offer young people placements lasting from three to six months matching their educational profile. The placements allow young people to gain experience, establish contacts and obtain references necessary for their future careers [4]. Young people can also be offered placement in public institutions managed by local governments.

• Opportunities for the young – an active labour market programme addressed to people aged 16-17 who completed a 9-year comprehensive school. They are offered special jobs in the public and private sector and their employment is subsidised by the state [7].

• Youth voluntary labour corps – the programme offers young people, aged 18-20, jobs managed by the local governments. These are usually part time jobs (4 hours a day) in the environment protection or social sector [21].

• Youth cooperatives – this programme is twofold. First, young unemployed adults participate in courses, and then form small groups (5-6 people) who want to work together. The cooperatives’ running costs are covered by local governments that also oversee the enterprises [21].

• Local workshops – this form is addressed to young people from deprived, socially ill-adapted communities. Young people do small repairs or maintenance work. The workshops allow them to gain new skills and experience, to establish a network of contacts with both their peers and prospective employers, and to develop social skills. While participating in the program, young people receive a special benefit [7].

Active Labour Market Programmes for the Disabled

Employment offices take special care of the disabled and offer them a wide selection of courses and training. Vocational counsellors carefully analyse the professional capabilities and experience of each registered person and look for suitable jobs in private companies and in the public sector, taking into account each person’s level of disability. The major public institution hiring the disabled and operating across the country (in 250 offices) is Samhall AB [21]. It is the largest state employer in Sweden that employs over 20,000 disabled people. They are offered positions in processing, logistics, packing, storage, washing, maintenance jobs and taking care of the elderly. Since 2004, municipalities and regional councils, district employment boards, and social security administration have cooperated on a regional scale to facilitate the reintroduction of the disabled to the job market. These institutions establish cooperation centres and finance them proportionally [3].

Cooperatives and Social Enterprises

In northern Sweden, in the municipality of Nordanstig, a region where the unemployment rate is above the average, the employment office is a cooperative that serves as a job-brokering agency, and at the same time is a quasi-commercial company, namely a social enterprise. Such companies are training places for the unemployed and help them prepare to enter the labour market [5].

Another measure to combat long-term unemployment are the co-operative development agencies [15]. They are established as a result of cooperation between labour market institutions, social assistance institutions, and local governments. They operate at a regional level and provide information on all participants of the labour market.

Cooperative development agencies have the following objectives [21]:

• the establishment and promotion of new organizational models that take into account the characteristics of the local labour markets as well as the social and professional profile of the registered unemployed;
• the encouragement of prospective entities to finance new activities on the labour market;
• facilitating cooperation and partnership between traditional and new institutions on the local labour market;
• cooperation in the recruitment and training of the people enrolled in the new labour market programmes.

### TABLE I

<table>
<thead>
<tr>
<th>Programme</th>
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<td></td>
<td>After 3 months</td>
<td>After 6 months</td>
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<td>After 3 months</td>
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<tr>
<td>Training</td>
<td>32.3</td>
<td>37.1</td>
<td>34.2</td>
<td>39.1</td>
<td>30.1</td>
<td>34.6</td>
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<tr>
<td>Employment subsidies</td>
<td>41</td>
<td>43.3</td>
<td>41.3</td>
<td>43.6</td>
<td>40.6</td>
<td>42.8</td>
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<tr>
<td>Integration of the disabled</td>
<td>23.1</td>
<td>24.4</td>
<td>23.5</td>
<td>25.2</td>
<td>22.3</td>
<td>22.9</td>
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<tr>
<td>Support for self-employment</td>
<td>80.6</td>
<td>80</td>
<td>80.7</td>
<td>79.5</td>
<td>80.3</td>
<td>80.8</td>
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The Effectiveness of Selected Active Labour Market Programmes in Combating Unemployment

The data collected by the Swedish labour market institutions allow for a multilevel analysis of the effectiveness of active labour market programmes in combating unemployment. In 2005 a report on the effectiveness of the active forms was published [18]. The research was conducted six months after the unemployed had completed their active
programmes. The research recognized self-employment, employment subsidies, as well as courses and training for the disabled as the most effective measures undertaken to fight unemployment [18].

The data in Table I illustrate the effectiveness of selected active programmes three and six months after the programme’s completion. The self-employment support proved to be the most efficient. The success of this programme is attributed to the participants’ proper preparedness; financial analyses, counselling in the field of management, and mandatory courses, each a few-months long, help them start their own company.

Apart from the research on the effectiveness of selected programmes, Swedes also monitor the professional careers of the participants of the active programmes for combating unemployment. The findings are as follows [1]:

- Training does not shorten the process of job seeking; on the contrary, it delays the moment when one finds employment; the unemployed person often suspends the job search for the duration of the training; some people participate in the training in order to renew unemployment benefit entitlement;
- Subsidised recruitment may accelerate the process of job finding especially by highly-qualified people; participation in this programme also influences also future remuneration which tend to be higher; high-qualified employees have better chances for long-term employment than the unemployed individuals who have not participated in the subsidised recruitment programme.

In 2009, research findings pertaining to the forms of employment support were published in Sweden. The participants of the research were both the unemployed eligible and ineligible for unemployment benefit. They were offered support, such as vocational counselling, job matching, and training. The study offered the following conclusions [9]:

- generally, the unemployed expressed positive opinions about their participation in the active labour market programmes;
- the undertaken measures shortened the unemployment period especially for the low-skilled workers unemployed for a long time;
- the short-term unemployed people with higher education diploma observed a positive impact on the employment rate.

Sweden allocates significant funds to programmes whose aim is fight unemployment.

Table II reports the costs of implementation of active and passive programmes in 1990-2010.

The highest sums were allocated to the active programmes for combating unemployment during the crisis in the 1990s. The largest funds were used to finance training, self-employment grants, subsidised employment, and programmes for the disabled (Fig. 3).

<table>
<thead>
<tr>
<th>TABLE II</th>
<th>EXPENSES FOR THE ACTIVE PROGRAMMES FOR COMBATING UNEMPLOYMENT IN SWEDEN IN 1990-2010 [24]</th>
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<tbody>
<tr>
<td>Total expenses for passive and active policies (% GDP)</td>
<td>2.56</td>
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<tr>
<td>Costs of the active programmes for combating unemployment (%GDP)</td>
<td>1.67</td>
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</tbody>
</table>

Fig. 3 The percentage of GDB spent on selected measures to combat unemployment in Sweden in 1999-2008 [23]
programmes for the disabled, and self-employment support. In 2006-2008, the expenditure on the active programmes was significantly reduced, with the exclusion of the active programmes for the disabled – their level of financing did not change [22].

VI. CONCLUSION

In Sweden, the situation on the labour market is constantly monitored. The findings and the prognoses are immediately reflected in the educational system, which is mostly state based. The biggest funds are allocated to the active programmes for combating unemployment whose implementation significantly reduces the unemployment rate. The results of the research indicate that the most effective active programme for fighting unemployment proves to be the support of self-employment. Also effective are: subsidised employment, training, and programmes for the disabled. The studies conducted in Sweden prove that the active programmes for combating unemployment addressed to the long-term unemployed noticeably improve the employment rate among this group. The decisions concerning adapting the educational profiles current demands of the labour market are reached quickly and effectively. An important role, as far as offering suitable active programmes to the groups of unemployed is concerned, is played by the local governments that verify the needs and cover the costs of the majority of the active programmes addressed to local communities.

Thanks to the Swedes’ education, mind-set, culture and tradition, and their deep conviction, everyone is entitled to have a job, as well as to the government’s involvement in the process of combating unemployment, the jobless are provided with care and professional support to facilitate their quick return to the job market.

REFERENCES