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Country Report Sweden

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1 Introduction

This report examines the processes of building and maintaining trust, as well as the sources of trust and distrust between social partners across different levels in Sweden. It explores the role of trust in industrial relations, focusing on how social partners perceive its impact on social dialogue and collective bargaining. We analyse various dimensions of trust, key obstacles to its development, and the broader implications for industrial relations. The findings are based on interviews with stakeholders and experts at national, sectoral, and company levels in three sectors. The report is part of the TRUE EUROPE research project, which investigates the determinants and outcomes of trust in social partner relations. Interviews were conducted in eight countries, focusing on the metal, transport, and banking and finance sectors. We explored trust levels across different social dialogue topics—from core issues like wages to less contentious areas such as digitalisation, skills and training, and health and safety.

The report is based on 1) Desk research of data such as reports, webpages, collective agreements (CA), and previous research; 2) 15 interviews from 2024 with representatives from trade unions (TU) and employer organisations (EO) on sector and local level in the three sectors (Table 1). Twelve interviews were conducted in person, and three were conducted digitally. The interviews lasted 45-75 minutes, and all interviews were recorded and transcribed.

Table 1. Interviewees: levels and sectors (no. of respondents)

Level	Banking & Finance	Metal	Transport	Cross-sectoral	Total
Local Level					
Employee rep.	2	2			
Employer rep.	1	2	1		
Sectoral Level					
TU official	1	2	1		
EO official	1	1	1		
TOTAL	5	7	3		15

For each sector, we recruited 1-2 representatives from the main trade unions involved at both the sectoral and local levels. The TU-ombudsmen can work locally at the firm level or serve as a TU-ombudsman at the regional level, thereby negotiating with multiple employers. On the employer side, we recruited local HR professionals and/or managers, and sectoral negotiators or others with involvement in negotiations, social dialogue, and collective bargaining at the sector level. For confidentiality, we refer to the interviewees as # 1 SE, # 2 SE, et cetera. and have chosen not to connect specific representatives with the selected sectors.

2 Industrial relations at national and sectoral level

Industrial relations in Sweden belong to the regime of *organised corporatism*. Swedish TUs and EOs have a vast scope to autonomously regulate working conditions through bipartite collective agreements, and possibilities to influence government policy through corporatist consultation processes (Jansson et al. 2019; Van Rie et al. 2016). As there are no legal extensions of collective agreements, high levels of organisation are important and 90 % of the employees work in organisations that are EO-members, while 88 % are covered by collective agreements. Even though the TU-density is decreasing, Sweden still has one of the highest figures with approx. 69 % of employees are TU-members (Ljunglöf et al. 2024). Swedish social partners are thus resourceful and highly organised on national, sectoral, and regional/local levels, and there is a strong articulation between levels (Table 2).

Table 2. Trade unions and Employer organisations on national and sector level in Sweden

	Trade unions (TU)			Employer organisations (EO)		
Peak level	LO Trade Union Conf.	TCO Conf. of Professional Employees	Saco Conf. of Professional Associations	SN Conf. of Swedish Enterprise	SALAR (SKR) Assoc. of Local Auth. and Regions	SAGE Agency for Government Employers
Sector -level	14 TU	12 TU	21 TU	53 EO & 60,000 companies	290 Municipalities & 20 regions	250 Government agencies
Empl.	1,2 million	1.1 million	500 000	2 million	1.1 million	270 000

The tradition of bipartite social dialogue with minimal political involvement dates back to the main agreement between the EO- and TU-confederations in 1938 (Kjellberg 2019; Stern et al. 2021). This agreement aimed to end frequent conflicts causing instability and disturbances, and the tradition of bipartite bargaining stemming from it has been rather successful. It has reduced conflict levels and secured good working conditions and wage developments without undermining competitive power (Anxo 2017).

Today, nearly 700 CAs are covering about 90 % of the labour force. The bargaining processes are set in the main agreements and process agreements. There is an established tradition of social partner cooperation through organisations and committees at national and sectoral levels. One example is the sectoral councils and insurance funds for job transition/outplacement (e.g. *TRR*, *TRS*, *Omställningsfonden*), established to assist employers and employees in transition processes (Walter 2015). Other examples are the joint organisations for information and support on health and safety, *Prevent* and *Suntarbetsliv*, and *Afa Insurance*, which administers collectively negotiated insurances for financial support in sickness, work injuries, et cetera.

The social partners strongly support the Swedish model (Kjellberg, 2019: 584). They are reluctant toward political intervention and legal regulation of wages and working conditions — including regulation at the European level (cf. Larsson and Ulfsson 2019; Stern

et al. 2021). Their interactions are institutionalised in bipartite agreements and legislation, giving them the right to organise and perform bargaining. There is also legal regulation of leave, dismissals and employment protection, local consultation and co-determination, and health and safety. The few conflicts that do exist are contained within institutions for dispute settlement. There are labour peace clauses to prevent conflicts during ongoing agreements, a *Labour Court* to settle conflicts within existing agreements, and a *Mediation Office* to settle conflicts between agreements.

During the last decade, however, there has been an increase in political intervention. One instance was when the government decided to review the rights of industrial action after a port strike in 2016 (Hjälmered, 2017; Johansson, 2017). The threat of legislation spurred the national confederations to negotiate changes in the *Co-Determination Act*, which was accepted by the government (Kehrer 2022; SOU 2018:40). Another instance was in 2020, when pressure from politicians to change the *Employment Protection Act* (EPL) led the social partners to negotiate (Berglund 2024). This resulted in a new main agreement in 2022, signed by the *Swedish Confederation of Enterprise* (SN), the *Swedish Trade Union Confederation* (LO) and *PTK* (a coalition of white-collar TUs). The agreement has caused internal disagreements, as only about a third of the LO-unions signed it (Handelsnytt, 2023). According to Kjellberg (2023:12f.), this agreement signals an increase of *tripartite* negotiation in which the threat of legal regulation is used to force the social partners to negotiate on difficult issues.

Industrial relations in banking & finance, metal, and transport

In all three sectors, collective bargaining, dialogue, and cooperation are performed between several EOs and TUs, a few of which are not members of confederations. The TU-confederations (LO, TCO and Saco) are divided on a class basis. Since there are both industry-specific and cross-sectoral TUs and EOs, the bargaining landscape is complex. To simplify, joint coordinating “bargaining cartels” have been created on both sides. The fragmentation varies between sectors, and even though constructive bargaining is the ideal, there may be tensions in the bargaining rounds, and there have been some open conflicts recently in these sectors.

The banking & finance sector is the smallest and least fragmented, with only a few organisations involved in CA-bargaining. A part of the sector in which tensions recently have arisen is connected to the Fintech *Klarna* – the largest Fintech company in Europe in 2020. Klarna was the first Fintech employer to join an EO and sign CA with a TU in 2023. The CA was negotiated first after other TUs had threatened with a strike (FF 2023; Kjellberg 2023).

The metal sector is larger and slightly more fragmented, though coordinated strongly through two “cartels”; the *Association of Industrial Employers*, organising five EOs, and the *Unions within Industry*, organising five TUs. Together, they make up the *Industrial Council*, which negotiates the Industrial Agreement that sets the “norm” for wage formation for the whole economy (Ulfsdotter Eriksson et al. 2021; Industrirådet 2023). It is worth mentioning the strike at *Tesla* called on in 2023, when the company refused to negotiate a CA (Metall 2024a). The

conflict has since escalated and eleven other TUs in the Swedish labour market have supported the strike by sympathy measures (IF Metall, 2024b).

The transport sector is rather fragmented, and less coordinated in terms of bargaining. Recent tensions have arisen concerning Gig-work. In 2021, a TU managed to negotiate an agreement with the Gig-employer *Foodora*, covering the bikers while not car- and moped drivers. This was seen as “a victory for the Swedish model as the conditions of a gig company were regulated for the first time” (Kjellberg 2023:109f), but *Foodora* found ways around the agreement and the union took some cases to the labour court (Banasiak & Jesnes 2024).

3 National and sectoral level interactions and trust

The social partners in all three sectors — banking & finance, metal, transport — lean on long traditions and institutionalised forms of interaction, with a strong vertical articulation on both sides. They combine negotiating from opposing interests with cooperating around joint interests, through recurrent interaction in various forums. Trust is seen as important by both sides and presumed to have both procedural and material effects that are beneficial. The institutional set-up is the foundation for the maintenance of trust, and for the recovery of trust in times of conflict. Besides being based on strong institutions, relational trust is built by frequent interactions in various forums, in which good manners are important.

Characterizing national and/or sectoral level interactions

At the national level and in the sectors studied, the relations between social partners are good and cooperative. They are described as respectful, cooperative, trustful, and well-founded in the spirit of the Swedish Model. This does not mean that they always agree. EOs and TUs represent different interests and perspectives on many issues, and their interaction styles vary with context and issues; from adversarial, to negotiating or cooperative:

You must distinguish between different types of negotiations. There are disputes /.../ that need to be resolved. That's one thing. /.../ Then we have negotiations. /.../ These are different types of issues and how we work, which can mean different ways of how we act as well. (# 4 SE)

The most important and potentially conflictual interaction event — besides disputes over existing CAs — is the regular sectoral CA-bargaining, which occurs every 1-3 years depending on what is stipulated in the previous CA. During bargaining, the social partners meet long hours daily, for a couple of days or weeks, depending on how far apart they are. However, much “maintenance work”, aiming to keep relations ongoing and smooth, is done in between. Social partners meet regularly, often at least once a month, to discuss current issues and plan for future dialogues. The “lines are open” for quick calls to discuss or solve smaller matters (# 3 SE). The representatives also meet regularly in joint committees and consultation with the government, e.g. regarding health and safety and job transition/outplacement. Thereby they have occasions to get to know each other, maintain and build relationships.

Within the manufacturing industries and in the metal sector, TUs and EOs collaborate in the *Industrial Council*, established through the *Industrial Agreement* (signed 1997, updated 2011 and 2016). There are regular meetings in two sub-councils: the *Negotiation Council*, handling negotiations, and the *Development Council*, focusing on joint industry interest such as energy and climate, infrastructure, competence supply, and research and innovation. The *Industrial Agreement* was a “big thing [and] very sensational that the organisations started to work together” (# 6 SE). It was established to increase coordination, for competitive reasons, and to establish procedures for collective bargaining and function as a social bonding glue to reduce conflicts — thereby stabilising mutual trust as a basis to solve issues where interests diverge. Similar joint organisations are present in other sectors as well. For instance, in the transport sector, TUs and EOs collaborate on improving working conditions and education in the *Transport Union's Occupational and Work Environment Committee* (TYA n.d.).

The situation in banking & finance is unique, as the CA is open-ended and updated only due to new legislation or if the partners agree on new wordings (BAO n.d.). Otherwise, it is updated only with new wage figures yearly. This open-ended agreement was designed to reduce conflicts after some turbulence in the 1990s. The arrangement has had consequences for how the social partners interact. They meet often, and have continuous dialogues organised through joint committees working on specific topics mirroring the areas in regular CA.

Taking a closer look at some of the different topics or areas of interaction discussed in the interviews, it is obvious that the potential for cooperation and negotiation varies, even if the social partners try to lean on a common ground of respect and trust anchored in the spirit of the Swedish model. As stated by a TU official: “one can have a trustful discussion about any subject [even though] some subjects that are more delicate” (# 2 SE).

- *Wage* is a delicate area. Whereas TUs want to see good wage development for all members, employers often want to reward particularly productive or skilled employees. Another issue concerns the size of wage increases. Some EOs stress the need to follow the norm (mark) set in the industrial agreement, while some TUs push for a higher raise in their sector/company.
- *Health and safety* are less delicate at sector level, and a TU-representative stated that both partners are interested in having a good work environment for the employees. In addition, as it is a legally regulated area, it is less dependent on trust than other areas.
- *Digitalisation* is an issue that varies in effects and interpretation between sectors, but the need for reskilling and risk of redundancies are raised by the interviewees. Still, there are statements that these changes are not an issue of trust but of different perspectives: where employers may see advantages, employees and TUs may see threats.
- *Competence development* is an area that has become a bit trickier after the pandemic. Not whether it is important to address, but in what form. For example, employees are said to prefer a few days at a course facility with nice dinners, whereas employers prefer to stick with cheaper digital courses a few hours per week, as became the standard during the pandemic.

Some issues and areas thus invoke more conflicts and adversarial perspectives, while others are less sensitive and possible to find converging interests. Still, even though discussions may become heated in CA-negotiations, this does not have to threaten the long-term fundament of trust in their relationship and interaction, as these are anchored in solid institutions:

Sometimes, we disagree terribly during the collective bargaining round, but it doesn't have to damage our relationships, it's part of our relationships. (# 1 SE)

Anchoring trust in institutions and trusting lower-level actors

The social partners in the three sectors are committed to the model of autonomous bipartite bargaining and cooperation. A reason to trust this institutional set-up is that it has served the labour market well for 100 years, with low degrees of conflict and a sound wage formation. The long history puts a normative pressure that “obliges” EOs and TUs to not breach trust, since that would destroy years of work, and they might lose already secured “gains” in their bipartite agreements (# 8 SE). This is also the main reason both EOs and TUs are critical to state interference, as that causes disruptions in established processes and increases distrust and conflict, both between EOs and TUs and within their respective confederations.

The trust-based spirit also applies vertically between the sectoral and local firm-levels. Much work is done to anchor sector strategies at the local level, and to secure the implementation of agreements locally. Both TUs and EOs stress the importance of getting mandate and legitimacy, so that their members stand behind them. Sectoral TU-representatives point out that they are democratic organisations; they must listen to views from members and local representatives before bargaining rounds— for instance they might ask the local TU-representatives “What consequences can you see if..., or, what do you think the management would say about this?”, before bringing tough or questioned proposals to the national negotiations (# 6 SE). The EOs also highlight the need of having the firms on-board to not jeopardise the proposed agreements: firms must feel involved and in charge. The EO and TU-representatives partaking in negotiations need to deliver on expectations from the local level continuously. Otherwise: “That’s a classical wrongdoing that you only commit once” (# 8 SE).

The engagement and trust-building toward the local level is also to secure implementation of agreements “down the line”. One EO exemplified with having a committee with large employers to ensure that the CA is anchored properly and to gain knowledge of issues and disputes locally. The local anchoring may also be discussed in the social partner dialogues, so that they agree on what information to share locally. The sectoral level is dependent on working relationships at the local level, and as one interviewee stated:

We have rather high demands on employers at the local level and the trade union representatives locally. /.../ It also requires that there is a local trade union structure as well and that employers invest time in it. (# 4 SE).

Both sides need to have local representatives who understand how the interactions work. From the TU-perspective, a potential problem locally is if new HR specialists refer only to the law, without knowing that agreements “trump the laws to a great extent” (# 2 SE). In such cases, the sectoral TU supports the local representatives and, if needed, tries to explain to the new counterpart or urge the EO representatives to talk to the local employer. The EOs confirm such challenges. One EO representative described how they need to do some “major upbringing-job” if local employers lack knowledge of what applies (# 1 SE). Also, just as the TUs may have difficulties with new HR-staff, the EOs report on situations where newly

appointed TU-ombudsmen may have a conflict-oriented attitude, trying to make up for “wrong-doings” in the past. In such cases, the sectoral representatives need to step in and deal with the situation, so that a local conflict does not spiral. There is thus a need, for both parties, for a continuous top-down and bottom-up dialogue within their organisations to see when something is not working locally and thus address such issues promptly.

Effects of trust according to national and/or sectoral level actors

Two kinds of effects of trust were highlighted in the interviews. The **procedural effects** of trust make bargaining and cooperation constructive, effective, and produce good outcomes for employees and employers. Trust is seen to bring benefits both in and between the bargaining rounds. Trust increases transparency in negotiations and how they present their demands. Between bargaining rounds, trust enables social partners to solve acute issues or problems that arise. It is also stressed that the overall model with autonomous CAs is advantageous compared to legislation, since laws and regulations are less flexible and thus difficult to change.

Trustful relations are said to be important in handling crises. An example is when the pandemic hit, and the social partners on national and sector level mobilised quickly, pausing regular CA-bargaining to negotiate a new short-time work agreement to alleviate conditions (Medlingsinstitutet 2020). An EO representative believed the social partners showed capacity to support the state, and that they are critical to take on such external shocks:

[Whether] they be sun storms turning out all the electricity, a pandemic, or something we don't know what it is yet... the social partners within the industry (metal) will start acting on the sun storm instead of the labour market. (# 8 SE)

Still, there may be negative effects on flexibility and costs from the Swedish model. An EO representative said that large “superstructures” created over the years are difficult to bring down, even if they no longer fulfil any function: “For instance, you agreed on something in the CA in 1973 that you can hardly get rid of, and new things are added all the time... many member companies see this as a big problem” (# 8 SE). Reports from EOs in small companies also claim that CAs work well in large companies but create too much formalism and are costly for small companies (Stern & Samuelsson 2024).

Besides these procedural effects from trust, the respondents also discussed **material effects** for employees, companies and the labour market and economy at large. Trust is said to increase the possibility for both sides to affect work- and employment conditions, which is an interest they are said to share. Trust between social partners also contributes to stability on the labour market, which is mirrored in the low degree of conflicts:

After all, Sweden has long had the lowest number of conflict days per year. It doesn't mean that the unions have given up [but] that they have managed to negotiate good solutions, which is much better than sitting and sulking in their own corners. (# 2 SE)

Good working conditions and stability on the labour market are said to give whole industries and singular organisations the potential to grow and develop by attracting the talents of tomorrow. It is underlined that certain agreements help transforming the industrial structure, in that less profitable businesses disappear, and new businesses prosper. A TU-representative pointed at the restructuring agreement, helping redundant employees to upskill, reskill, retrain, and find another task in other businesses.

Dimensions and bases of trust at national/sectoral levels

Institutional **basis of trust** is strong at both national and sector level. The commitment to the Swedish model illustrates an “identification based” aspect of trust, in that EOs and TUs share a joint interest in maintaining their autonomy from the state — and from EU regulations (Larsson et al 2020; Ulfsdotter Eriksson & Larsson 2019). They hold the institutionalised bargaining rights and processes in high regard, as well as the bipartite arenas for cooperation and bargaining, and the norms surrounding interactions. Even though tensions and conflicts appear, the actors have a strong belief that the established institutions are beneficial for both sides, and to the Swedish labour market and economy overall.

One aspect of institutional trust is the actors’ “learning” of specific traditions and culture in their sector: when coming to a new sector, one needs to learn the major historical issues and how the work has been done previously. By learning from others, new negotiators or ombudsmen are socialised into the working methods, by entering already institutionalised relationships: “It’s heritage, where we also know that there are certain issues that both parties locked in a desk drawer to move on” (# 4 SE). Another said that “When you are new, you need to familiarize yourself with the organisation and its history with the other party, to understand what the relationship looks like” (# 1 SE).

The institutional framework also shapes **relational and knowledge-based trust**. As EOs and TUs meet in various arenas, to talk and cooperate on issues also outside of the regular bargaining, they have many opportunities to develop trust in the relations and in that their interactions usually deliver. Some organisations even engage in “getting-to-know-each other activities” to build and maintain the relationship: joint lunches, dinners, or other sorts of leisure activities. Such elements may be particularly important during conflicts or tough negotiations, to “build relationships beyond just sitting opposite each other in a conflict” (# 1 SE), and because in the end, “we make up each other’s work environment” (# 4 SE).

These forms of trust build on “respect and understanding for each other’s situations” (# 3 SE), and on being transparent and willing to listen. Respect implies acknowledging that they represent different interests, and that it takes time to understand each other’s perspectives: “It can’t be done in five minutes” (# 4 SE). Listening is essential for understanding the counterparts: “because if you are only occupied with what you want to say, or that you are right, then you might miss [seeing] the solution” (# 1 SE). Transparency is critical as, “we need to get them to understand why [something] is important” (# 2 SE). Thus, being “open with our interests [is the] dream scenario; our direction forward” (# 4 SE). The bargaining rounds are

therefore prepared by the social partners exchanging “demands” and communicating on what they want to achieve — to find a common ground: “It is a total transparency” (# 4 SE).

Person-based trust is also relevant. The system “does not fall on one or a few individuals [but] it requires a lot from a person” (# 4 SE). Personal trust is something “you deserve” by acting properly in interactions. Even if the relationship is a professional one, it is stressed that “trust is built on the individual level” (# 1 SE). In previous research, having ability, integrity and being benevolent, fair, and ethical, are the main antecedents of being trusted. This is confirmed in the interviews. Good behaviour is of importance: “Well, how do you make someone trust you? You are nice. You are clear. Honest. It is very basic. ... We call it ‘winning relationships’” (# 2 SE). New representatives thus need to work on building trustful relationships: “Because you can’t escape that in these relationships, between employers’ organisations and trade unions, for it [i.e. CA, working conditions] to be as good as possible for both employees and companies, it needs to be a *just* relationship” (# 2 SE).

This indicates a demarcation between having trustful relations and becoming friends. Integrity is important, since it may become problematic if someone exposes too much of their personal values or who they are, “like their relations, family, kids, and social life” (# 6 SE). Even if such information may be positive for personal trust-building, it may breach integrity if being used in negotiations for personal attacks or attempts to discredit someone by talking behind their back, or implicating intentions from what they say that are not true (# 6 SE).

The importance of person-based trust is also indicated by examples of what breaches such trust. Lying and being dishonest are consistently portrayed as eroding trust. As is speaking ill of or talking behind someone’s back. New negotiators are instructed never to lie or lose their temper. If they get angry, they are instructed to apologize and postpone the negotiation, as it is important that “No one acts in a bad manner in the negotiation room” (# 1 SE).

Trustful relationships are broken down: ‘If I misbehave, make things up or lie or become really angry and throw things and like that – then I have consumed the trust [in me] as a negotiator. Then I am not credible’ (# 3 SE).

Even if the tone in the media may be harsh, with some retorting, that is not something to bring to the negotiating table, and it would become extra problematic if such a tone “trickles down to the local level and members believe that the other party is ‘hostile and liars’” (# 1 SE).

4 Local level interactions and trust

As is shown in previous research, the Scandinavian countries have relatively high levels of mutual trust between employers and TUs at local level (Brandl 2020). The combination of bargaining from opposing interests and cooperation that exists on the sector level, is mirrored at the local level – at least in larger companies. The institutionalised norms of interaction existing on higher levels put a normative pressure on the actors at local level, and the support from higher levels is often needed when local tensions and conflicts arise. Trust, in the system and each other, is thus acknowledged as having both procedural and material effects. Just

as at the sectoral level, such trust is based on a combination of strong institutions, relational trust built by the interactions, and trust related to personal behaviour.

Characterizing local level interactions

The Swedish model is dependent on local level social partner interactions. One reason is that many CAs on sector level stipulate general principles to be adjusted through local bargaining, regarding e.g. wage setting. There are also legal regulations giving local TU-representatives strong rights. The *Co-determination Act* (1976:580), gives the right for TUs to be informed, consulted and negotiate locally on matters like reorganisation, personnel policies, and larger investments. The *Act on Board Representation for Private Employees* (1987:1245), gives the right to have TU-representatives in the board of companies with over 25 employees. The *Act on Position of Union Shop Stewards in the Workplace* (1974:538) stipulates the right to paid working time for local representatives TU-work. In addition, the *Work Environment Act* (1977:1160) gives employees in companies with over five employees a right to a local Health & safety-representative, and in companies with over 50 employees to a safety committee — usually appointed among local or regional TU-representatives (cf. Fulton 2018).

Like at the national and sector levels, there are several interaction arenas locally. The frequency of negotiations regarding e.g. wages, working conditions, competence development, follows from what is set in the sectoral CA, whereas local wage setting and/or bargaining is usually performed yearly (cf. Ulfssdotter Eriksson 2021). Formal meetings of co-determination with information exchange and negotiations are usually held once a month. Between these, informal meetings take place to solve minor issues and to maintain relations so that formal meetings run smoothly — and to test and adjust ideas and solutions. These continuous interactions are also of importance when exceptional situations or new challenges arise, for instance when short-term layoffs were needed during the Covid-19 crisis, or when new EU-regulations were introduced on “rest rules”.

The balance between cooperation and conflict varies between companies and depending on issues, but there is also a slight sectoral variation in that the tensions seem to be stronger in transport as compared to metal and banking & finance. However, as discussed, there have been strong conflicts in single companies in all three sectors, and the general culture in all three sectors is to make social partner interactions work well, thereby aligning with the ideal of the Swedish model. Even though the TU-representatives are employees and thus subordinated to the employer and the managers, in negotiations it is said that: “you are equals in the negotiation situation” (# 12 SE). That is essential in shaping a trust- and solution-oriented climate. An employer representative also highlighted: “I usually tell the union representatives that I also am an employed worker in the company, even though I can’t be a member of the union and represent the employer” (# 9 SE).

Generally, the employers have an “upper hand”, with more resources and an information advantage, but this varies with company size. In the transport sector, there are several micro firms. In those the employer may lack knowledge of labour law and negotiations routines, which may flip the power relations. As expressed by a TU-representative: “A small company,

I could eat them or trick them. But if you do, you are doomed for ever" (# 5 SE). Still, a less knowledgeable employer, who admits a wrongdoing, may also be met with understanding and benevolence: "An employer that comes to me like 'shit, I did wrong, how do we solve this?', I would never claim damage compensation from" (# 5 SE).

Anchoring trust in higher level institutions

There are mixed views on local level trust in higher-level institutions, and it depends on issues and the quality of support from higher levels. Small companies may lack knowledge and doubt the benefits of sectoral CAs. As micro-companies often have more "familial" relations between employers and employees, employees can be seen as distrustful if trying to formalise the relations (Stern & Samuelsson 2024). Though, in larger companies, there seems to be trust in sectoral and national level institutions. Some local partners even refer to the history of the Swedish model as a resource in making the opposing partner commit to peaceful and respectful bipartite negotiation, since: "The labour market partners are responsible for wage formation, the government doesn't interfere, they trust the EO/TU to handle this with great sense of responsibility" (# 8 SE).

The existence of higher-level interactions and institutions creates commitment and helps local agreements to be maintained. One employer representative said that CAs and regulations help foster trust: "If we were to agree on everything locally, it could turn out really crazy" (# 10 SE). If local agreements were negotiated without knowledge and explicit references to national CAs, the TU would, according to one employer representative, try to create voracious deals. Some TU-representatives highlight this coordinating and stabilising effect from higher levels, since they can turn to sectoral and national level for support — especially if conflicts arise: "We can minimize taking conflicts to court... with CB we have to be responsible for making things work – that's a great advantage with trust" (# 7 SE).

For the local TUs it is important to have moral and financial support from sectoral TUs in conflicts: "We would never take on [company] if we didn't have strong national support from the Swedish system and our (local) members" (# 12 SE). Representatives from the sector level may balance local conflicts and help in complicated cases relating to the "thousands of negotiations yearly: everything from reorganisations to replacements, resignations or dismissals" (# 2 SE). Sectoral representatives may function as "diplomats" in such negotiations, being less emotional and more respectful in the search for solutions before going to court. But they "must adapt to local situations, you can't use central agreements for that" (# 11 SE).

There are also less conflictual areas on which local partners need expertise and coordination support from higher levels, such as competence development, energy issues and so on. In some cases, expertise from the national confederate levels is also needed, since "you can't just go in and support local members by thinking out of the blue, you need to consult the expertise on the national level" (# 11 SE). Similarly, a local employer representative emphasised the importance of support from the national level if a company have foreign owners without knowledge of the Swedish labour market model and thus need expertise to

explain the Swedish model of agreements, values, and informal ways of doing things. However, there was also one employer who had a bad experience of asking for support from higher levels EOs. The company have been a member of two different employer organisations, and had similar experiences from both, in trying to get help to solve conflicts:

Unfortunately, I think that if we have a problem and need support from them, they say that 'you cannot accept that, you have to take it to court'. And if we do what they suggest to us, it always goes to hell – and if we need them in a central negotiation, they always cave... as advisors in a negotiation situation they are pretty useless. (# 10 SE)

Effects of trust according to local level actors

Just as on the sector level, there are beneficial **procedural effects** of trust at the local level. The existence of trust fosters labour peace and a negotiation culture. According to a TU-representative, this means that you can have arguments and conflicts without having to call on strike or lockout to be heard. Some employer representatives agree, and state that bipartite trust increases flexibility, and that problems can be avoided and solved without leading to costly open conflicts. Employers also know that unions may need to “make a fuzz” about issues to show the members that they do something, since: “Without creating and communicating conflicts, the union is not noticeable, and the members might leave” (# 10 SE). If the employer knows this, and still trusts their interaction with the union, they probably have constructive negotiations despite such antagonism.

The **material effects** of trust are said to be on both the local and labour market level. The CAs increase local employees’ belief that the wage setting is performed relatively “objectively” and based on transparent criteria. This benefit both workers and employers as it shapes reasonable expectations. An employer representative also stated that “Good local collaboration is a competitive advantage” (# 8 SE). Members of the union may accept structural changes and layoffs, due to global competition and recessions, because they trust in the overall system and the support for labour market transformations both from EOs and TUs. The shared responsibility and trust are also thought to have made it possible to rationally build and maintain some welfare institutions with good benefits and low administrative costs, like the pension system” (# 7 SE).

The greatest advantage with trust for the EO is labour peace and stability, and for the TU it is security in bad times, salary increases. (# 12 SE)

Dimensions and bases of trust at local level

Some views on **institutions-based trust** at the sectoral level are echoed at local level, but there seems to be a greater variation between companies in how much the institutionalised traditions secure good local outcomes. An important aspect of trust in institutions is that they prescribe clear roles and interaction forms, which reduces costs and conflicts. There also seem to be elements of “identification-based” trust, as some representatives emphasise a joint responsibility to contribute to an effective labour market and economic development.

The existence of broad cooperation on sector level also increases trust locally. When external factors such as market structures, competition, and digitalisation impose changes locally, it is beneficial that higher levels have a broad agenda and expertise on the issues. By discussing broad issues also locally, the effect is intensified interactions between the employer and TU-representatives.

The trust in the institution of autonomous bargaining is also indicated by the frustration and distrust TU-representatives experience when challenged by “newly educated HR staff who are ‘more literal’ in their approach to ‘the rules’ and thereby focus more on the exact wording of law and or the CA than of solving the problem” (# 5 SE). A too strong focus on the law undermines the constructive “spirit” of finding common ground and making compromises. Several TU-representatives noticed a tendency towards such a “juridification”, when for instance HR or employer representatives emphasise laws before CAs and negotiations. If employers and HR professionals locally are not sufficiently familiar with the Swedish model, they risk “watering down” both CAs and attempts at constructive dialogues. As an example, when the employer representative in connection to co-determination work says: “‘Let’s negotiate on this date’, then you must stress that, ‘No, that is not how the co-determination act works, we are supposed to agree’” (# 3 SE). Such consensus aiming dialogue, rather than negotiation from opposing interests, is a part of the institutionalised norms.

Even more accentuated at local level is the **relational and knowledge-based trust**, built on repeated interaction. Over time, as they get to know each other’s roles and strategies, they become more efficient in coordinating interests. In some cases, this process of mutual trust starts with trying to jointly come to terms with the CA-stipulations and legal regulations and how to implement them. The recurrence of the same individuals in meetings on various issues over the years shapes trust, if everyone keeps to both the formal and informal ways to go about. The shaping of trust is thereby also part of the “negotiation technique... and if all representatives could understand that things would be easier for all” (# 11 SE).

Some say that it is too easy to develop local disagreements and then bring in the sectoral level to solve things through central proceedings. It is more difficult to find a joint solution that is productive without pushing the problems “upward”. However, some develop strategies to test ideas and develop compromises without breaking trust. One is to discuss the issue informally, and if turned down, bring more acceptable solutions to the formal negotiations. Such “testing” of ideas is usually looked positively on and increases trust. Another way is to “send forward a person who is lower in rank”: “If the proposition from them is frowned upon, you may come back with a new suggestion by someone higher in rank, since: “It’s always about meeting on reasonably equal levels” (# 6 SE). By approaching the counterpart in that way, trust between the “formal” negotiators is not breached. A very flagrant break of trust, reported from a TU-representative — which illustrates the need to respect each other’s interests and position — was a situation in which an EO hired a previous TU-member:

It is still an unwritten rule that one should not try to steal knowledge by, as it were, buying over someone from the other side. (# 7 SE)

Person-based aspects of trust are also important on the local level. Having ability, integrity and being benevolent, just, and ethical, are some main antecedents of trust, as pointed out in previous research. Listening skills, being open-minded and flexible, having humour, being nice and having a good tone are described as behaviours that foster trust. The dimension of integrity is particularly important in terms of having respect for each other's roles and being correct and professional. The justness and ethics of honouring your promises and keeping agreements is also said to be necessary for trust to thrive.

Trust is thus maintained through reliability, status, and in balancing of formal and informal relationships. It includes being able to take a real interest in each other's positions. Most interviewees argue that trust between employers and TU-representatives demands dialogues to be open, straightforward, and honest. Showing humility, honesty, and sincerity is important for both parties in negotiations, and this is also an important aspect of the appointment of new representatives. Both parties are, however, also aware of the roleplay: "TU sometimes need to dramatize situations to recruit new members" (# 10 SE).

Even though bargaining in some ways is a game: "You must never lie to anyone, then they will never trust you... It's about creating win-win solutions" (# 10 SE). There is thus a clear border between respecting opposite positions and performing "roleplay", and tricking and lying. As stated by an employer representative: "In 2012 the TU tried to trick us, and they were not interested in cooperating at all" (# 10 SE). Such behaviour backfires, and since the parties meet continuously for new negotiations, they need to quickly learn that "cheating" for short-term gains will hurt you in the long term (# 7 SE). Lying and cheating break trust, which is described as difficult to rebuild. Naturally, this also applies to relations within the organisations on both sides, as bad behaviour may spill over on relationships more generally. A TU-representative exemplified with previously having "a person on the board who leaked confidential information. That inhibited trust immensely. They had to go" (# 15 SE).

5 Conclusions

This study has shown that trust between EOs and TUs at both sectoral and local levels is an important aspect of Swedish industrial relations. At both levels, trust has procedural effects in increasing the possibilities to reach constructive compromises instead of having costly conflicts. In addition, trust has material effects. At local level, trust decreases the costs for conflicts and increases employee satisfaction and "reasonableness", thereby securing competitiveness. At sectoral and national levels, trust helps maintain the Swedish model of autonomous bargaining, which is beneficial for the functioning of the labour market and economic development.

The Swedish model builds both on formal regulation in laws, CAs, and cooperation between the social partners. The long-term maintenance of trust on both sectoral and local levels is based on institutions built over a long time. This institution-based trust both supplements and strengthens the formal contracts (CAs) established through collective bargaining, both on sector level and locally. The institutional set-up of industrial relations, with its complementary parts of cooperation and bargaining, and its distribution over all sectors of the economy —

and with strong vertical integration between confederation, sectoral and local levels — reduces the risk of vicious circles of distrust. Thereby it secures constructive “integrative bargaining” and reduces the risk of deterrence-based strategies that would increase conflict levels and possibly even reduce Swedish competitive power.

This institution-based trust is constantly maintained through relational and knowledge-based trust, built on repeated formal and informal interaction at both levels. For such trust to develop, there must in turn exist a basic person-based trust between the actors interacting. That is, they must behave in predictable ways by showing respect for the other side’s position, and show ability, integrity, and benevolence, or at least be constructive and transparent. All in all, when functioning well, this multilevel and multidimensional system of trust prevents bad spirals of distrust and creates a possibility to rebuild or maintain trust in the face of tensions and conflict — as the institutions give a stability to interactions and expectations, and as the newcomers are socialized into the existing traditions and culture.

Obviously, this does not imply that there are no tensions, conflicts, or instances of distrust in the three sectors studied. However, the main variation in levels and foundations of trust is not between the sectors but rather between issues and between companies locally. Larger firms are generally more knowledgeable about and committed to the Swedish model of industrial relations, whereas knowledge and views to a greater extent are lacking in smaller firms (cf. Stern & Samuelsson 2024). In addition, there are concerns about the future of the model. EU policy has been perceived as an external threat, through the directives on minimum wage and pay transparency (Stern et. al. 2001). Internal threats exist in the form of declining membership numbers and reduced local union involvement, and in the form of a recent increase of state involvement in the bipartite dialogue model (Kjellberg 2022; 2023).

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