

European Telework Status Report 1998: Sweden

This is an extract from the country summaries section of the European Commission's 1998 Status Report. The complete report is online at <http://www.eto.org.uk/twork/tw98> in a variety of formats, including Word, HTML pages and Acrobat .pdf files. Links to further information about telework in Sweden are in the Sweden national page at European Telework Online - <http://www.eto.org.uk> .

Summary

A full EU member state since 1995, Sweden is one of Europe's most intensive users of Information Society technologies and was the birthplace of the telecottages concept. The Swedish population is one of the most thinly distributed; the Norrland region, with only 1.2 million inhabitants spread across 58% of Sweden's land area, has an average of less than 5 people per square kilometre. Sweden is highly industrialised, with a high proportion of world class companies relative to the size of its economy. Sweden is historically a trading nation and Swedish business travellers and holidaymakers are encountered throughout the world.

The labour market is one of the most highly organised in Europe, but since the 1970s there have been significant changes in the "Swedish social model"; labour market legislation was revised in 1997 and there is ongoing review of the regulatory impacts of technological change, include teleworking. Telework is reasonably widespread, though still far from being a normal and fully accepted working practice. There remain some fiscal and regulatory barriers.

Telework background and take-up of ICTs

General background

- Sweden vies with Finland as Europe's most intensive user of Information Society technologies. It invests a higher proportion of GDP in IT than any other European country and occupies first or second place on most of the relevant metrics.

	IT spend as % of GDP	PCs per 100 white collars	PCs per 100 population	Internet users per 1000 population*
Sweden	3.36	75	29	152
EU highest	Sweden	78	33	Sweden
EU lowest	0.86	34	8	11
USA	4.08	103	46	

* Source: ETD estimates based on IDC reports, January 1998

- Sweden is a relatively prosperous European country, with GDP per capita similar to the Netherlands, but only half the Netherlands' population spread across more than ten times the land mass. The northern part of Sweden (Norrland), with 58% of the land area, has only 14% of the population.

	GDP per capita (US \$)	Population (millions)	Land mass (sq km)	Persons per sq km	Employment (%)	
					Ind'y	Svcs
Sweden	23,864	8.7	450	19	26	71
Netherlands	23,966	15.4	42	371	23	73
EU highest	29,873	81.1	544	N'lands	38	N'lands
EU lowest	8,216	3.5	43	15	N'lands	55
Norrland region		1.2	261	5		

- Although Sweden has become very much a service economy from an employment standpoint, with Europe's second highest proportion of employment in services, the manufacturing sector remains

important and accounts for some 80% of exports by value. The services sector includes a high proportion of public services employment and Sweden has not yet developed a strong exporting position in services. Public agencies account for one third of all employment.

- Sweden has been a leading advocate of free trade. In manufacturing Sweden's count of home based multinationals is very high relative to the scale of the home economy, and includes several household names - Ericsson, ABB, SKF, Volvo, Saab, Atlas Copco, Scania. Swedish-owned multinational firms account for about half of total Swedish exports. In recent years Sweden has also attracted investment by foreign owned multinationals. With a long history of International trade and involvement, Sweden is internationalist in outlook - for example a high proportion of Swedish websites carry material in English as well as Swedish; many also carry material in other languages, particularly German and Russian.
- With Denmark, Sweden shares Europe's highest level of participation in the labour market; this includes a very high level of participation by women, with only four percentage points difference in participation rates between men and women. However, more women than men are in part time work or in low paid jobs and there are pressures for further steps towards equality of opportunities.
- Although unemployment in Sweden has been around the EU average this is an extremely high level relative to post-war Swedish standards (between 1970-1990 unemployment never exceeded 4%). There is controversy about how to tackle unemployment. The Government has sought to promote

The „Gatu och fastighetskontoret“ is in charge of maintaining and planning Stockholm's roads and buildings. The entire unit employs 1.100 people. The telework pilot was launched in 1995 with the aim of stimulating distance working and the decentralisation of ICT-based services. One of the administration's main motives has been the search for creative solutions to improve cooperation within the administration as well as with customers and suppliers.

The scheme has been implemented in cooperation with relevant unions and three to four times more employees wanted to telework than could be selected by senior management. In five departments with 265 members, eleven employees work three days per week at home. The majority of these teleworkers are in managerial positions, one is an economist, two are park engineers. Further goals of the trial, namely an improved management of work and private life, have been perceived as a success as well as increased efficiency.

Beneficial changes of work patterns and productivity have been noticed. Special attention is given to ergonomics, accidents and the safety of equipment.. A partnership approach and broad participation in permanent assessment seem to be major elements of this success story. Continuation and expansion of the scheme are expected.

increased labour market flexibility so as to increase the competitiveness of Swedish industry, but there are strong voices advocating an alternative approach based on increased stimulation of domestic demand and improved public services.

Driving factors:

- Long distances and small, isolated communities led to Sweden becoming the birthplace of the "telecottages" concept and today encourage adoption of practical applications of Information Society technologies, for example in telemedicine.
- Government ministers in Sweden speak from personal experience of telework; at her keynote address to the European Telework Assembly (see below) the Minister for Transport and Telecommunications, Mrs Ines Uusmann, cited her own and ministerial colleagues' practical experience as teleworkers.
- The high participation of women in the workforce means that in most households both parents are in work; this motivates positive approaches to flexible working methods so as to facilitate a good balance between work and family responsibilities.
- There is an excellent telecommunications infrastructure and Sweden has been a world leader in telecommunications liberalisation. Telia (the incumbent telecommunications operator) expects to provide broadband communications to 98% of Swedish homes by 2004.
- There is an active telework practitioners' community and experts from Sweden regularly are invited to speak at international as well as European conferences.

- The strongly international flavour of the non-services sectors leads to high dependence on telecommunications and the early adoption of online working methods within companies in these sectors.

Constraints:

- There are issues and uncertainties about the treatment of employed teleworkers from both regulatory and fiscal standpoints.
- Unions assert that the law regarding representation entitles union representatives to visit teleworkers in their homes at the expense of the employer; if so this raises a significant potential cost and acts as a disincentive to encourage teleworking.
- Taxation rules appear to be restrictive as regards allowances paid by employers to reimburse teleworkers for work-related costs; strictly applied, such rules discourage teleworking. It's even possible that the employee could be taxed on the perceived benefit from personal use of equipment provided by the employer for home based use. This is in sharp contrast to neighbouring Denmark, where tax regulations have been adjusted to encourage provision of computers for use at home even by non-teleworkers.
- Continuing concerns about unemployment make employees less inclined to take the perceived risks of involvement in new working methods.
- The Swedish tradition of a highly regulated and organised labour market is expected to constrain innovation in working methods and structures and inhibit the growth of an export-oriented private services sector.

Telework activities and results

- In 1997 Sweden hosted the annual European Telework Assembly, the main venue for policy debate on telework and related topics, which attracted a large number and range of practical case studies on telework, particularly from Sweden and neighbouring countries.
- The Government has stated its intention to introduce new legislation/regulation intended to address the wider use of IT, including telework. A commission on the regulation of telework will report in September 1998.
- The Swedish Confederation of Professional Employees (TCO) has produced a booklet, *A Good Teleworkplace*, following its earlier *Working at a Distance*.
- A new support organisation *enter-by.net* has been formed in 1998, to complement the work of the established *Distansforum*. Enter-by.net focuses on self-employed teleworkers.

Conclusions

Two main influences strongly dominate in Sweden. On one hand Government policies and regulatory actions play a key role, because such a high proportion of all employment is in public services and because of the high level of labour market organisation. On the other hand Sweden's national revenues and a high proportion of private sector employment depend on large multinationals - both Swedish and foreign owned - who trade in an increasingly global context. The future development of telework among employed people in Sweden is therefore strongly dependent on the results of the commission on regulation of telework, and the Government's response.

Against this, self-employment is quite widespread in Sweden and there is plenty of scope for bottom-up innovation by individuals and small firms participating in the networked economy at European and International levels.