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An Introduction to Swedish Employment Law

Law Europe EEIG

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General remark

The employer/employee relationship is in Sweden currently the subject of numerous legal rules. An ordinary employment contract is thus governed by a great deal of mandatory legislation and collective agreements. Most of the rules are in order to protect the employee and apply to questions such as working hours, vacation, transfers to an other post, dismissal, and summary dismissal.

Personal agreements, which give employees poorer benefits than those stipulated by the law, are thus invalid. One characteristic phenomenon of Swedish labour law is in this connection the fact that certain provisions may only be deviated from through collective agreement and not through personal agreements between the employer and the individual employee. Those provisions, usual called semi-optional, are found in all the important acts. Parties to a collective agreement should be able to deviate from legal provisions in order to introduce regulations, which are better suited to the conditions within a particular line of business or at a certain place of work. Usually, semi-optional legislation applies in such a way that legal provisions in question may only be deviated from by means of a collective agreement reached or approved by a nationwide trade union on the part of its members.

In Sweden there is no law in the nature of general codification of the relationship between the employer and the individual employee. However, the EMPLOYMENT PROTECTION ACT (LAS) is particularly significant in the regulation of the above matters.

The central rules of the EMPLOYMENT PROTECTION ACT stipulate most importantly that a contract of employment shall normally apply until further notice, and that such a contract may be terminated by the employer only when there is a just cause for dismissal. A contract of employment for a fixed term may be concluded only in certain specific cases, listed in the act, e.g. general fixed term-employment or for a temporary substitute employment. Such contracts may be signed for the maximum of two years in a continuing five-year period. If the aggregated time is over two years in the stipulated five-year period the employment is transformed into an indefinite-term employment.

It is also permissible to reach an agreement on provisional employment if the trial period is not longer than six month.

Minimum period of notice to be given by the employer upon termination of the employment contract

Dismissal by the employer shall be based on objective grounds. Objective grounds will not be considered to exist “where it is reasonable to require that the employer provides the employee with an alternative work in his undertaking”. Objective grounds will always exist in case of shortage of work (redundancy). Notice of dismissal, which shall be in writing, shall contain certain specific information stated in the EMPLOYMENT PROTECTION ACT. There are certain rules when the dismissal is by reason of circumstances, which relate to the employee personally. In that case notice of dismissal shall be given within certain time limits.

Period of notice

The minimum period of notice for both the employer and the employee is one month.

Because of change in the legislation in 1997, there are two ways to calculate the termination period. If the employment contract commenced prior to 1997, then the termination period is determined by the employee’s age as follows:

Age	Termination period (MTHS)
Age up to 25	1 month
Age 25-29	2 months
Age 30-34	3 months
Age 35-39	4 months
Age 40-45	5 months
Age 45---	6 months

If the employment commenced 1997 or thereafter the termination period is determined by numbers of years in employment.

Numbers of years of employment	Termination period (MTHS)
Less than two years	1 month
2	2 months
4	3 months
6	4 months
8	5 months
10	6 months

The employee is entitled to retain pay and other employment benefits during the period of notice. However if the employer has stated that the employee need not be

available for work following the period of notice of termination or need only work for part of the period of notice, any income earned by the employee from other employment during the same period may be deducted by the employer. The employer is also entitled to deduct income that the employee obviously could have earned from other suitable employment during this period.

Summary dismissal

Summary dismissal may take place when the employee has grossly neglected his obligations towards the employer. Summary dismissal means that termination of the employment is effected immediately. Notice of summary dismissal shall be given at least one week in advance, and for dismissal with notice for personal reasons, two weeks in advance.

If the employee is a union member, the employer shall, at the same time as giving the notification, also give notice to the local organisation of employees, to which the employee belongs. The employee and the local organisation of employees to which the employee belongs are entitled to consultations with the employer concerning the measure to which the notification and notice relates.

Remedies

If a contract of employment is terminated without just cause the employer shall not only be liable to pay salary and other employment benefits, to which the employee may be entitled, but also to pay damages. Damages may be payable not only for loss suffered, but also for the offence, which the violation may have caused. General damages are usually specified at approximately EUR 8.000- 10.000. During the period of the legal dispute concerning the validity of given dismissal, the employee will normally be allowed to remain in employment. The dismissal can be declared invalid by court.

If the violation consists of an employer’s refusal to comply with the judgement, in which a court has declared a dismissal or summary dismissal invalid, then compensation shall be paid according to the fixed sums stated in the EMPLOYMENT PROTECTION ACT. The sums vary according to the duration of the employment. If, for example, the employment has lasted for ten or more years, the maximum sum corresponding to 32 months´ pay shall be payable in damages.

Jurisdiction of the court

In Sweden there is an act from 1974, “Act on Legal Proceedings in Labour Disputes”. The courts used in labour disputes, falling under this act, are the Labour Court and districts courts, courts which constitute courts of the first instance.

The Labour Court has the whole country under its jurisdiction, and its judgements can not be appealed. In legal proceedings before the Labour Court an organisation has a right to bring a case on the part of the member, without that member’s explicit authorisation. Only some disputes, mainly those where an employer or an employee organisation brings a suit concerning a matter regulated by a collective agreement, may be brought directly before the Labour Court.

Other kinds of labour disputes, for example demands from non-organised employees or from organised members, who bring a case without the support of their union, will be brought before the local district court. The party who is not satisfied with the decision of the lower court in labour disputes can appeal to the Labour Court for a final judgement.

Mediation arrangements

There are no obligatory mediation arrangements in Swedish legislation. Trade union disputes can, however, be mediated on a voluntary basis. Even though it is possible to refer the majority of labour disputes to arbitration, the use of arbitration procedures is relatively rare on the Swedish labour market.

Written contracts of employment

In accordance to the EMPLOYMENT PROTECTION ACT the employer has, within one month from that the employment commenced, to give the employee written information about the conditions for the employment. The information shall include e.g. the name and address of the employer, a work description, information about what kind of employment, whether the employment is for a fixed or indefinite term or whether it is probationary, wages and vacation.

If the employer fails to give the employee written information in respect of the obligations in accordance to the law the employer has to pay damages. The employer can also by a court order be obliged to leave the information in writing. The lack of a written employment contract doesn’t affect the validity of the employment itself.

Other terms, if not regulated, by the employer and the employee is determined by the different labour laws. As stated above, most of the regulations in the laws are mandatory.

Business transfers and the rights of employees

The EMPLOYMENT PROTECTION ACT has a regulation to protect the employees in case of a business transfer.

The rights of an employee are generally fully preserved in the event of a transfer. However, the employee has the decision if he wants to stay with his former employer or if he wants to follow to a new employer in case of a business transfer. In that case, the employee has a right to existing terms and conditions in accordance to his contract.

An employee is also protected against being dismissed for a reason concerned with the transfer of the business. However, there is an exception if the employer can state that there is a lack of work irrespective of the business transfer.