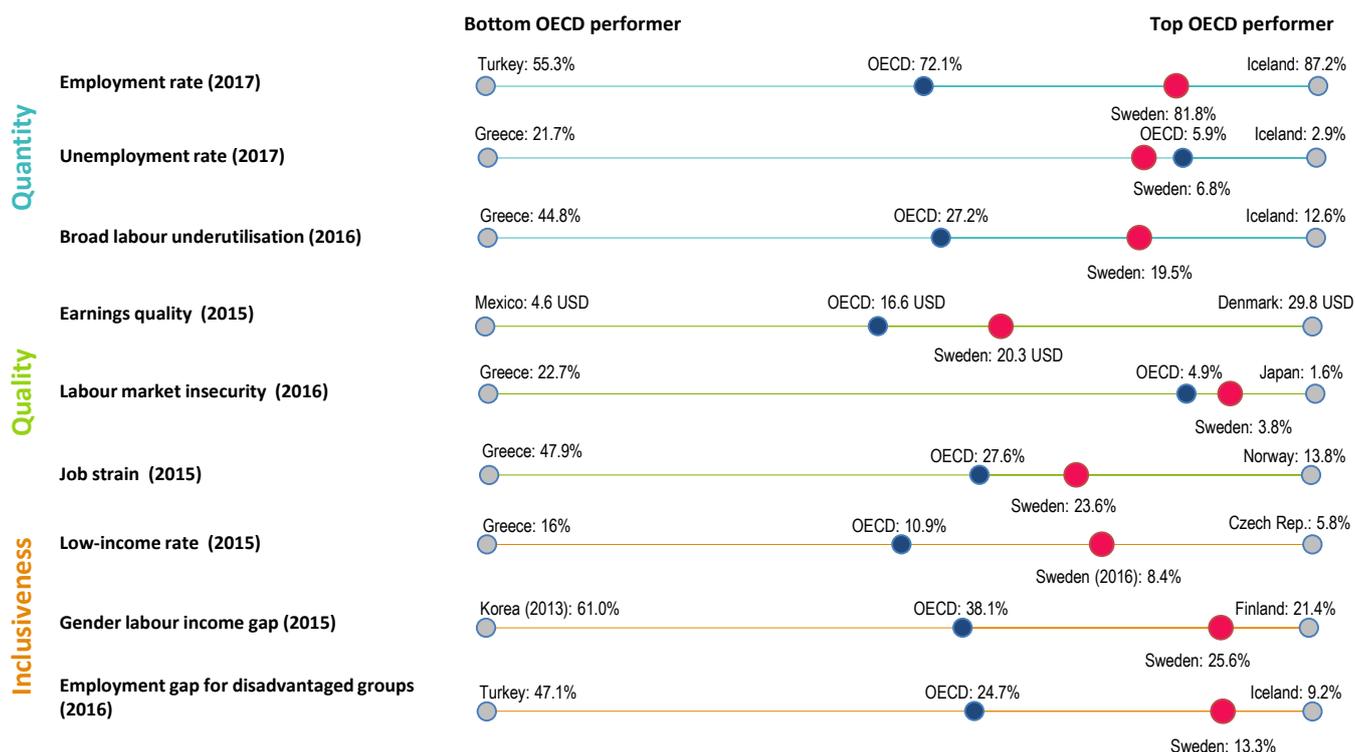


How does SWEDEN compare?

The digital revolution, globalisation and demographic changes are transforming labour markets at a time when policy makers are also struggling with slow productivity and wage growth and high levels of income inequality. The new *OECD Jobs Strategy* provides a comprehensive framework and policy recommendations to help countries address these challenges. It goes well beyond job quantity and considers job quality and inclusiveness as central policy priorities, while emphasising the importance of resilience and adaptability for good economic and labour market performance in a rapidly changing world of work.

Dashboard of labour market performance for Sweden



Notes: Employment rate: share of working age population (20-64 years) in employment (%). Broad labour underutilisation: Share of inactive, unemployed or involuntary part-timers (15-64) in population (%), excluding youth (15-29) in education and not in employment (%). Earnings quality: Gross hourly earnings in PPP-adjusted USD adjusted for inequality. Labour market insecurity: Expected monetary loss associated with the risk of becoming unemployed as a share of previous earnings. Job strain: Percentage of workers in jobs with a combination of high job demands and few job resources to meet those demands. Low income rate: Share of working-age persons living with less than 50% of median equivalised household disposable income. Gender labour income gap: Difference between per capita annual earnings of men and women (% of per capita earnings of men). Employment gap for disadvantaged groups: Average difference in the prime-age men's employment rate and the rates for five disadvantaged groups (mothers with children, youth who are not in full-time education or training, workers aged 55-64, non-natives, and persons with disabilities; % of the prime-age men's rate).

ASSESSING JOB QUANTITY, QUALITY AND LABOUR MARKET INCLUSIVENESS

The new *OECD Jobs Strategy* presents a dashboard of labour market performance that provides a comprehensive overview of the strengths and weaknesses of different national labour markets, going well beyond the standard measures of employment and unemployment rates. These include measures of job quantity (employment, unemployment and broad underemployment), job quality (pay, labour market security, working environment) and labour market inclusiveness (income equality, gender equality, employment access for potentially disadvantaged groups). Some countries score well on most or all

indicators, implying that there are no hard trade-offs that prevent countries from performing well in all areas.

- Sweden is performing among the top OECD countries in terms of job quantity. Sweden has the third highest employment rate in the OECD, after Iceland and Switzerland, and broad labour underutilisation is the fourth lowest, following the same countries and Norway. The unemployment rate is comparatively higher, partly due to the inclusion of many full-time



students in Swedish unemployment statistics and large recent inflows of refugees.

- Earning's quality is slightly below the top third of OECD countries. Despite relatively low replacement rates of unemployment benefits, labour market security is higher than the OECD average. Job strain is in the bottom quarter of OECD countries, reflecting generally efficient work organisation.

- The labour market is among the most inclusive in the OECD. Due to a compressed wage distribution and extensive redistribution, only about 8% of working-age persons live with less than 50% of the median income, which puts Sweden at the eight rank in the OECD. The country has the fourth lowest gender pay gap, after Finland, Slovenia and Latvia, thanks to decades of gender-friendly policies. The employment gap between disadvantaged groups and prime-age men is the second lowest in the OECD, after Iceland, despite the challenge of integrating recent migrants.

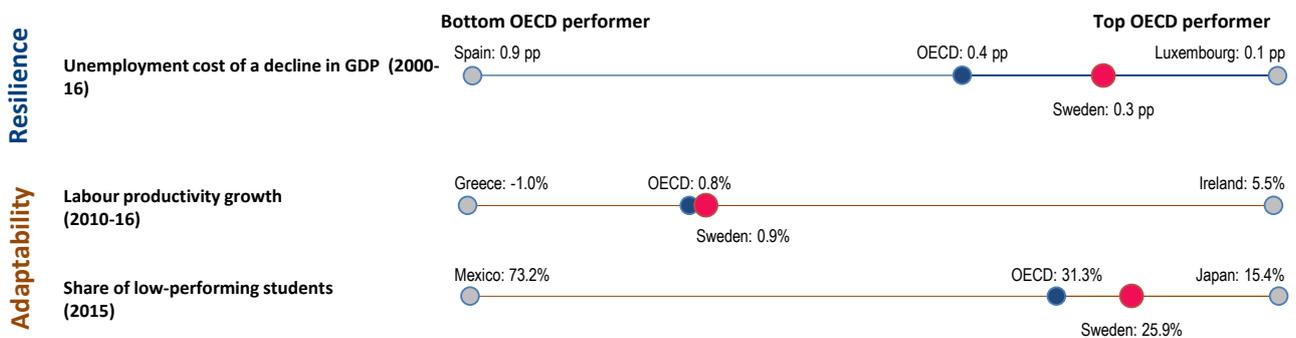
FRAMEWORK CONDITIONS FOR RESILIENCE AND ADAPTABILITY

Labour market resilience and adaptability are important to absorb and adjust to economic shocks and make the most of new opportunities. Resilience is crucial to limit the short-term costs of economic downturns. Labour productivity is a key precondition for high growth of output, employment and wages and central to long-term growth in living standards. Finally, skills are key to improving workers' productivity and wages and provide an indication of the readiness to respond to future challenges.

- Employment is relatively resilient to falls in GDP, in part thanks to effective active labour market policies and a collective bargaining system allowing relatively flexible adjustments in wages and working time.

- Labour productivity growth over the period 2010-16 has been on par with the OECD average. Sweden has a high productivity level following rapid growth from the mid-1990s to the mid-2000s. Nevertheless, there is room for further progress in some sectors, notably construction, where competition is weak, and public services, where digitalisation can boost efficiency.
- The share of low-performing students is well below the OECD average, but higher than in the other Nordics, except Iceland.

Framework conditions for Sweden



Notes: Resilience: average increase in unemployment rate over 3 years after a negative shock to GDP of 1% (2000-16); Labour productivity growth: annual average productivity growth (2010-16), measured in per worker terms. Share of low performing students: Share of 15-year-olds not in secondary school or scoring below Level 2 in PISA (%) (2015).