

SPECIAL ANALYSIS

Labour force participation has risen

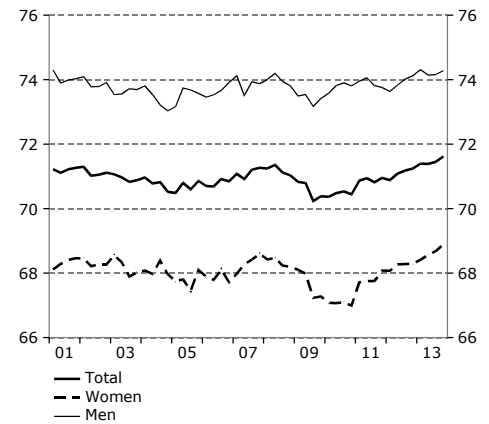
The labour force in Sweden has grown relatively strongly since 2010 despite the weak economic climate. Employment has also grown strongly in recent years relative to GDP growth, primarily in the service sector. The increase in both the labour force and employment has been unevenly distributed between women and men, however, and there are big differences between those born in Sweden and those born abroad. The participation rate has increased substantially in recent years among those born abroad and is now as high for foreign-born men as for Swedish-born men, but remains low among foreign-born women. This analysis looks at recent years' developments in the labour force and employment from the perspective of gender and country of origin.

The Swedish economy has been in a slump since the end of 2008. In such a climate, fewer people tend to enter the labour force, as the prospects of finding work are worse, and labour force participation – the proportion of the population aged 15–74 in the labour force – was indeed low in 2010 (see Diagram 38). From 2010 to 2013, however, the number of people in the labour force increased by 167,000 (see Table 12), while the population aged 15–74 increased by 135,000. This meant that the labour force participation rate rose to a higher level in 2013 than during the economic boom in 2007 (see Diagram 38), among both women and men. The growth of the labour force is due in part to favourable demographic developments, and in part to previous reforms to increase the supply of labour.¹³ According to the NIER's analysis, only a small part of the increase can be attributed to the economic situation being slightly better in 2013 than in 2010. The rise in labour force participation since 2010 has been greater among women than among men, which can be explained to some extent by a higher proportion of women having exited the labour force in connection with the financial crisis (see Diagrams 38 and 39). The participation rate was still 5.6 percentage points higher for men than for women in 2013, however.

¹³ See the special analysis "Long-term effects of economic policy reforms on the labour market" in *The Swedish Economy*, December 2011.

Diagram 38 Labour force participation rate

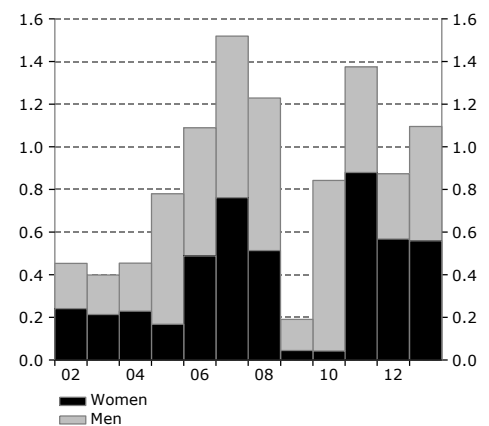
Per cent of population age 15–74, seasonally adjusted quarterly values



Sources: Statistics Sweden and NIER.

Diagram 39 Contributions to labour force growth

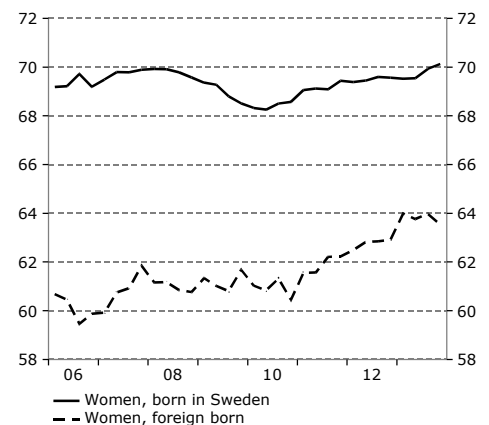
Percentage points



Sources: Statistics Sweden and NIER.

Diagram 40 Labour force participation rate

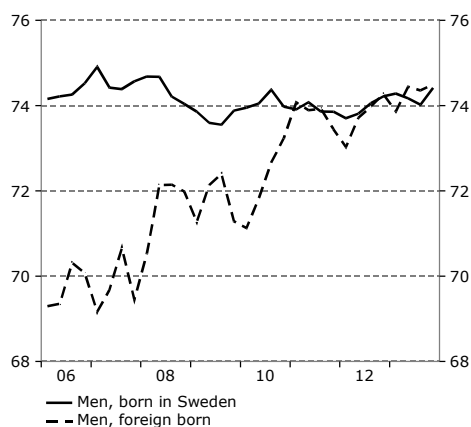
Per cent of population age 15–74, seasonally adjusted quarterly values



Sources: Statistics Sweden and NIER.

Diagram 41 Labour force participation rate

Per cent of population age 15–74, seasonally adjusted quarterly values



Sources: Statistics Sweden and NIER.

Diagram 42 Employment rate

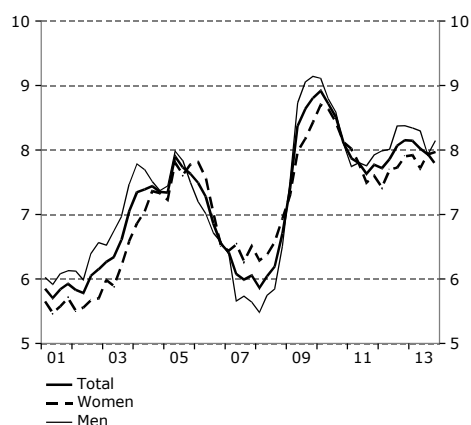
Employed in per cent of population age 15–74, seasonally adjusted quarterly values



Sources: Statistics Sweden and NIER.

Diagram 43 Unemployment

Per cent of labour force, seasonally adjusted quarterly values



Sources: Statistics Sweden and NIER.

BIG INCREASE IN PARTICIPATION AMONG THOSE BORN ABROAD

Part of the rise in labour force participation among women can be explained by a big increase among foreign-born women (see Diagram 40). The participation rate for foreign-born women is still significantly lower than for Swedish-born women, however. The participation rate among foreign-born men increased substantially in 2010, and since 2011 it has been roughly the same as for Swedish-born men (see Diagram 41).

The participation rates for foreign-born women and men have risen 2.9 and 2.1 percentage points respectively since 2010. This is probably due partly to the reform of integration policy to help new immigrants enter the labour market more quickly.¹⁴ However, the rise in participation among foreign-born men began before the reform was introduced (see Diagram 41).

Table 12 Change in population, labour force and number of employed from 2010 to 2013 in the 15–74 age group

Thousands of people

	Population	Labour force	Employed
Total	135	167	181
Women	66	100	107
Born in Sweden	25	56	66
Foreign born	41	44	41
Men	69	67	74
Born in Sweden	–9	–3	19
Foreign born	78	70	55

Source: Statistics Sweden.

EMPLOYMENT GROWTH SINCE 2010 STRONGER AMONG WOMEN THAN AMONG MEN

The labour force comprises both the employed and the unemployed. An increase in the labour force can therefore push up both the number of employed and the number of unemployed. Total employment has grown by 181,000 people since 2010 (see Table 12). This means that the employment rate – the proportion of the population aged 15–74 in employment – has also increased (see Diagram 42). The NIER considers the change in the employment rate to have a larger cyclical component than

¹⁴ Act 2010:197 on integration initiatives for new immigrants entered into force on 1 December 2010. The reform means that refugees and other persons in need of protection who are of working age are to be registered with the employment service and take part in integration schemes. If these people respond that they are seeking work in the Labour Force Survey, they will be classified as members of the labour force.

the change in the participation rate. The rise in the employment rate since 2010 can be viewed in the light of the sharp fall in connection with the financial crisis in 2008 and 2009. Relative unemployment, which is measured in relation to the labour force, has decreased over the same period from 8.6 to 8.0 per cent (see Diagram 43).

As with the participation rate, the employment rate has risen further among women than among men since 2010 (see Table 12 and Diagram 44). The employment rate for women at the end of 2013 was almost as high as before the financial crisis, whereas the employment rate for men was still at a lower level (see Diagram 42). This is mainly because women and men tend to work in different sectors and industries, and employment growth has varied relatively widely between industries in recent years.

Of the total number of employed in the economy, just under 50 per cent are women (see Diagram 45).¹⁵ In 2013, women accounted for around 25 per cent of workers in industry, but more than 70 per cent of workers in the public service sector.¹⁶ In the private service sector, just over 40 per cent of workers are women, whereas a very small proportion of women are employed in the other goods-producing industries. The financial crisis and ensuing economic slump have affected the entire economy, but Swedish goods production, in particular industrial production, has been hit particularly hard. As a result, employment in different parts of the economy has been impacted to different degrees. The largest contribution to the rise in employment since 2010 has come from the private and public service sectors (see Diagram 46). Employment in industry has made a negative contribution, and the other goods-producing industries have made only a marginal positive contribution.¹⁷ Because women are less likely than men to work in goods-producing industries and more likely to work in public services, recent

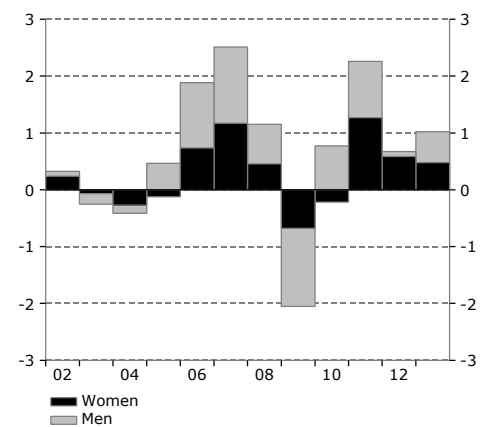
¹⁵ A higher proportion of women than men work part-time, which means that women's share of the total number of hours worked in the economy is somewhat lower.

¹⁶ The Labour Force Survey (LFS) is a sample survey which paints a representative picture of the population's labour market position. The sample for the LFS has not been optimised for industry-level analysis, which means that the results at industry level are more uncertain than those for the overall economy. The LFS does not divide the number of employed between the private and public sectors. Here, the public service sector denotes workers in public administration (NACE codes O and U), education (P) and human health and social work (Q), while the private service sector denotes workers in other service industries.

¹⁷ The increased use of temporary staffing services complicates industry-level analysis. According to employers' organisation Teknikföretagen's report "Teknikföretags inhyrning av personal 2013" [Engineering companies' use of temporary staff in 2013], engineering companies hired in 17,000 people from staffing agencies in 2013, which is an increase on 2010. The LFS records employment in the industry in which the respondent is employed, which means that temporary staff in the industrial sector will be recorded as employed in the service sector.

Diagram 44 Contributions to employment growth

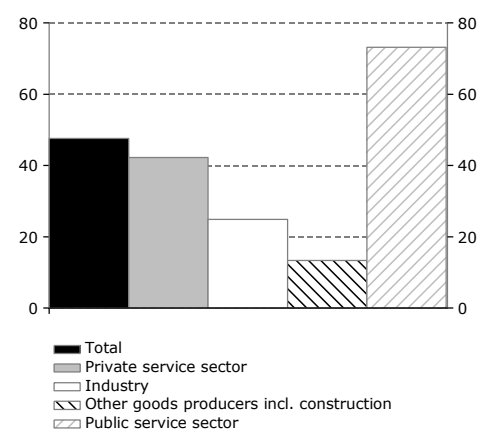
Percentage points



Sources: Statistics Sweden and NIER.

Diagram 45 Employed women, share of total number of employed 2013

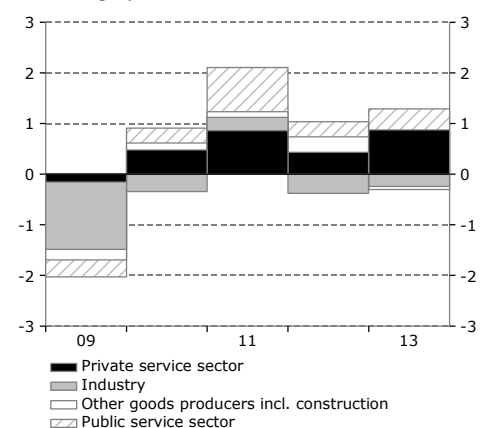
Per cent



Sources: Statistics Sweden and NIER.

Diagram 46 Contributions to employment growth

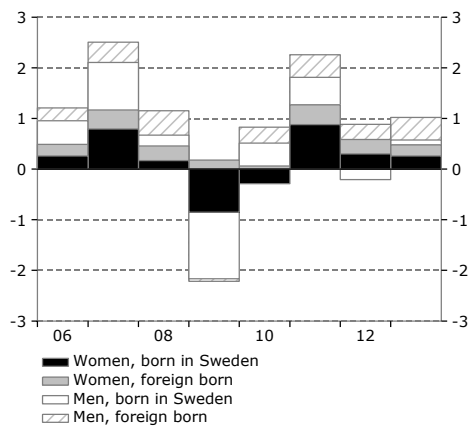
Percentage points



Sources: Statistics Sweden and NIER.

Diagram 47 Contributions to employment growth

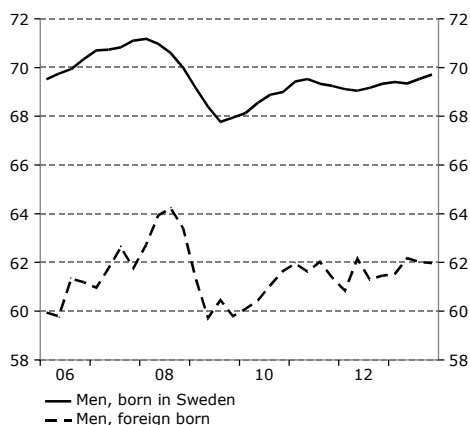
Percentage points



Sources: Statistics Sweden and NIER.

Diagram 48 Male employment rate

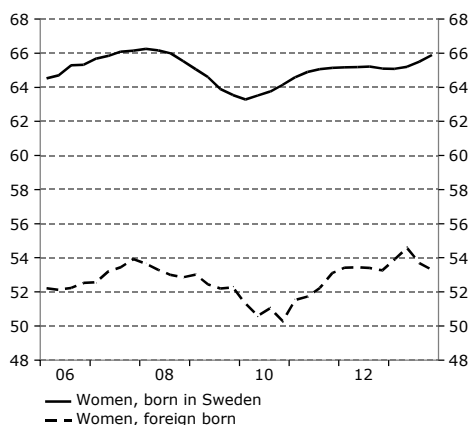
Per cent of population age 15–74, seasonally adjusted quarterly values



Sources: Statistics Sweden and NIER.

Diagram 49 Female employment rate

Per cent of population age 15–74, seasonally adjusted quarterly values



Sources: Statistics Sweden and NIER.

years' economic developments are probably one reason why employment has increased more among women than among men.

LOW EMPLOYMENT RATE AMONG THOSE BORN ABROAD

It is primarily Swedish-born women and foreign-born men and women who contributed to the rise in employment between 2010 and 2013 (see Table 12 and Diagram 47). The increase in employment among those born abroad accounts for just over half of the overall rise in employment during the period. The employment rate increased for both Swedish-born and foreign-born men in 2010 and early 2011 but has since held relatively steady (see Diagram 48). The employment rate is much lower for foreign-born men than for Swedish-born men, however. This contrasts with the labour force participation rate, which is relatively similar for the two groups, and means that a higher proportion of foreign-born men in the labour force are unemployed. The unemployment rate was 16.7 per cent among foreign-born men in 2013 and just 6.4 per cent for Swedish-born men.

The employment rate for foreign-born women has risen by around 3 percentage points since 2010 but remains low (see Diagram 49). Just under 54 per cent of foreign-born women aged 15–74 were employed in 2013, which is around 12 percentage points lower than for Swedish-born women.

One explanation for the low employment rate among foreign-born women is the low level of labour force participation (see Diagram 40). Although labour force participation among foreign-born women has increased in recent years, it is still significantly lower than for Swedish-born women and both groups of men, which means that a substantial proportion of foreign-born women are a long way outside the labour market.