



## Sweden

### **Foodora, Collective Bargaining and the Lowering of Wages**

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As in many countries, platform work has become more common in Sweden over the last decades. The industry, based on so-called gig jobs, is often characterized by poor working conditions, in particular since jobs and wages are uncertain, and platform-based firms avoid open-ended work contracts – or in some cases even employment contracts in general.

One company that sticks out is the food distributor Foodora, a firm that actually hire their employees on real employment contract. Still, Foodora for long refused to sign collective agreements with the trade union counterpart, the Swedish Transport Workers' Union (*Transport*), even though several of the platform's employees were members of the union.

In early spring 2021, however, Foodora settled an agreement with the Transport Workers' Union covering about 2,000 carriers. This was the first collective agreement between a platform company and a trade union in Sweden, maybe even the first in Europe. The agreement came into force 1 April 2021.

The Transport Workers' Union saw it as a breakthrough in Sweden, but also in Europe, regarding the regulation of the gig economy. Most importantly, the agreement would allow trade union ombudsmen in the workplace, in the words of the chair of the Transport Workers' Union Tommy Wreeth.

Hans Skruvfors, CEO of Foodora Sweden, stated that the dialogue with the Transport Workers' Union had been successful. The union had shown a fine understanding for Foodora's role as a company in a new industry and an acceptance by the union that Foodora was a leading company in the developing of the platform industry, even 'pioneers' in many respects.

Now, a few months later, the Transport Workers' Union is less pleased with the outcome. Some 40 Foodora carriers were faced with the alternatives of working for less pay or losing their gig jobs. Foodora's argument was that all its employees should have the same working standards according to the new agreement, including remuneration, no matter how long they had worked for the firm. In other words, all individual employment contracts should be revised and those who disagreed to work for the same wage as a

newly hired worker would be sacked. Although not explicitly stated by Foodora, revising the contracts was also a means to avoid rising total wage costs in a cutthroat industry.

Former wage-setting models that guaranteed more pay if working during the weekends now became obsolete. Moreover, carriers with experience were able to make twice as many deliveries as the newly hired employees, but after the settling of the agreement, they did not get the extra pay for this that they thought they deserved. It should be noted that minimum wages are not guaranteed by law in Sweden, only by collective agreements, which in this case leaves some loopholes from a trade union point of view. According to the collective agreement the basic pay is poor. Carriers are guaranteed 90 SEK per hour plus 20 SEK per food delivery. In comparison, 20 SEK is less than an ordinary newspaper costs, or not enough to eat a burger at McDonald's. In contrast, Foodora argues that a pay of 300-400 SEK per hour for a few experienced carriers is not sustainable considering the work they actually do.

The Transport Worker's Union claims that this development is an unexpected loophole in the collective agreement; Foodora is not allowed to lower wages under any circumstances. Hence, the union's intention is to take the case to the Swedish Labour Court, but when this is written, this threat has not yet materialized.