

Flexicurity in Denmark

KEY FACTS

- Danish labour market regulation is characterised by the exclusive role of the social partners with a strong built-in sense of ownership and joint responsibility based on mutual recognition.
- Wages and working conditions are primarily regulated through collective agreements concluded by the social partners at branch or company level.
- Legislation covers specific topics such as health and safety, holiday entitlements, sickness benefits, equal treatment, equal pay or maternity/paternity leave.

The Danish labour market is defined by five dynamics:

SECURITY STABILITY TRUST EFFICIENCY FLEXIBILITY

The Danish labour market is a hybrid of different elements combining on the one hand a well-developed social protection system and an active labour-market policy with flexible regulation based on agreements between the social partners, cf. figure 1.

The social partners aim for a flexible labour market, where the individual is secured through employment.

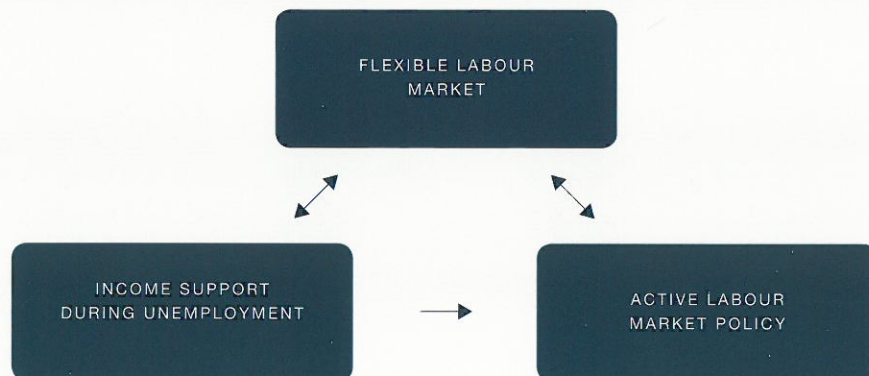
Figure 1

FLEXICURITY IN DENMARK

1st element: Flexible labour market regulation characterised by the absence of restrictive regulation when hiring and firing employees enabling a high level of job openings and job mobility.

2nd element: Income support during unemployment.

3rd element: An active labour market policy focused on job mobility, training, re-skilling and security in employment, supporting individuals in finding a new job.



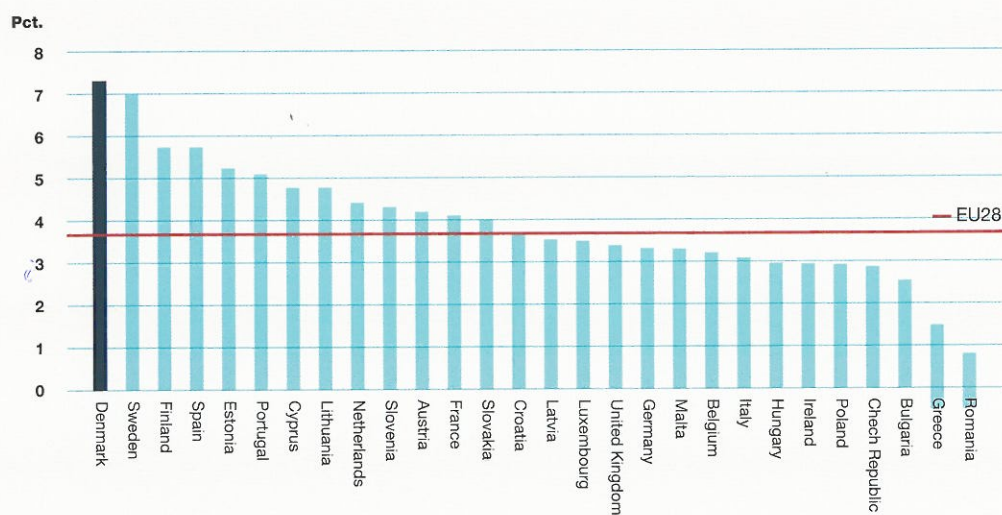
The Danish labour market is **in general open and inclusive**. This is due to active labour market policies and a focus on employment security rather than a narrow focus on job security. This makes companies less hesitant to recruit new employees and allow them to adjust to changes in demand, as it is relatively easy to dismiss employees due to e.g. flexible procedures regarding notification among other things. At the same time, it makes workers more open to mobility and jobchanges.

Among the effects of the flexible labour market regulation are a **high job mobility** and a high number of newly employed, cf. figure 2.

A high level of flexibility is good for the economy and creates more job-openings. The high job turnover yields many job-openings, making it easier for new entrants to the labour market, unemployed or those already in work to find a new job.

Denmark has almost 800,000 job-openings annually. Results from the first quarter of 2017, show that 7,3 pct. of the Danish population, aged 15-64, are newly employed. This is more than twice the European average.

Figure 2
**SHARE OF NEWLY
 EMPLOYED, AGED
 15-64, THAT HAS GOT
 A NEW JOB WITHIN THE
 PAST THREE MONTHS**

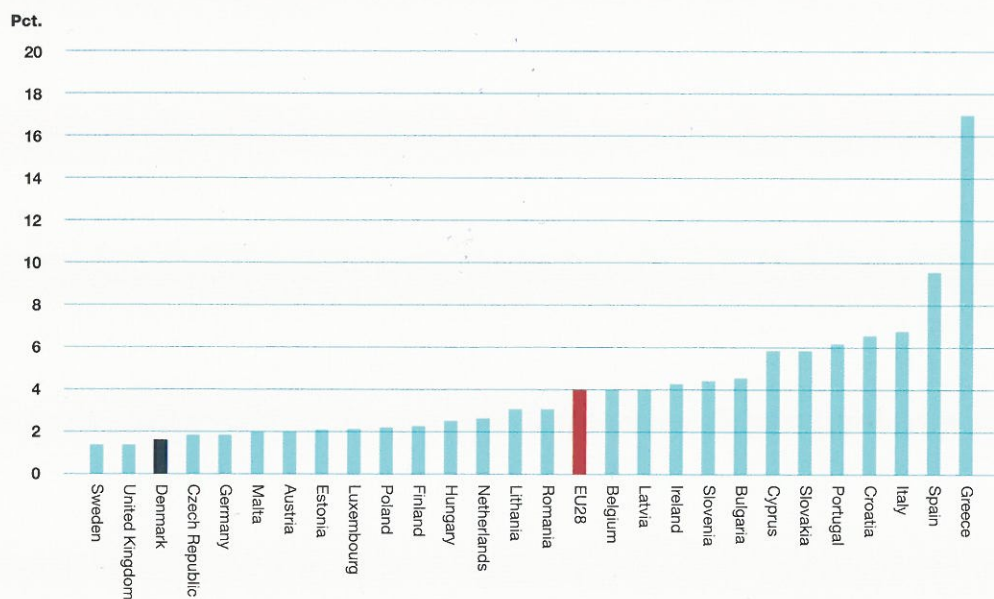


REMARKS: First quarter 2017 results. Newly appointed are defined by persons who have been in their current job for less than three months. The newly appointed come from another job, from unemployment or from being outside of the labour market on other terms.

SOURCE: Eurostats Labour Force Survey and further calculations by DA

Another effect of the flexible and open labour market regulation is the **low level of long-term unemployment** in Denmark, cf. figure 3. Denmark has one of the lowest shares of long-term unemployed in the EU. This indicates that high mobility lead to shorter spells of unemployment.

Figure 3
SHARE OF LONG-TERM UNEMPLOYMENT IN EUROPE



REMARKS: Annual average results 2016 from total population. Newly appointed are defined by persons who have been in their current job for less than three months. The newly appointed come from another job, from unemployment or from being outside of the labour market on other terms.

SOURCE: Eurostats Labour Force Survey and further calculations by DA

A focus on lifelong learning and training for employed persons and strong effort to provide employment security characterises the Danish labour market as **open, mobile and dynamic**. A system of adult education and continuing training funded by the public and businesses is in place for unskilled workers, employees and unemployed persons with a vocational training background.

THE DANISH FLEXICURITY MODEL

The Danish flexicurity model is supported by a national focus on and efforts to ensure:

- **Development of employees' qualifications and competences**
- **Further training and education of employees**
- **Active labour market policies which assure that the workforce maintains a high level of qualifications and is attractive to hire.**

Flexicurity as a way to meet future changes and challenges

The increasingly decentralised collective bargaining process aiming at increasing flexibility combined with a high degree of employment security has so far contributed to the development of an efficient and sustainable labour market model capable of adapting to e.g. technological developments and globalisation, cf. figure 4.

Figure 4

TECHNOLOGICAL
CHANGES AND
DEVELOPMENTS
CREATE NEW DEMANDS
FOR THE LABOUR
MARKETS

NEW QUALIFICATIONS
AND DEVELOPMENT
OF COMPETENCES

FRAMEWORK TO
ESTABLISH FLEXIBLE
LABOUR MARKET
REGULATION

FOCUS ON
EMPLOYMENT AND
AN OPEN LABOUR MARKET
WITH JOB MOBILITY

A labour market able to adapt to changes, seize possibilities and handle new forms of work and platforms.