

The Danish labour market model

Key facts

- Danish labour market regulation is characterised by the exclusive role of the social partners and 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.
- Limited legislation that only covers specific topics such as health and safety, holiday entitlements, sickness benefits, equal treatment, equal pay and duration of maternity/paternity leave.
- Union density is relatively high (around 2/3 of all workers) are members of a trade union.
- Strong tradition for cooperation and negotiation at company level between management and shop stewards.

Collective agreements regulate the Danish labour market

- 74 pct. of employees in the private sector are covered by a collective agreement
- Labour market regulation is mainly defined by the sectoral collective agreements negotiated between the social partners. Local agreements at company level are negotiated between employers and employees.
- There is no legal requirement for Danish or foreign companies to sign a collective agreement.
- The collective agreements are negotiated for a period of normally 2-3 years

Content of collective agreements

Working conditions

The collective agreements define the regulatory framework for working conditions:

- Occupational pension
- Working hours and flexible workdays
- Pay during maternity/paternity and parental leave
- Pay during sickness and child's sickness
- Access to lifelong learning and ongoing development of competences
- Additional benefits e.g. bonus schemes, paid holiday

Wage-setting

The collective agreement can include a minimum wage

The frameworks for negotiations on wage-setting and wage increases are set in the collective agreements at sector level

Further wage negotiations takes place at company level

Labour market peace

A special characteristic of the Danish system is the general peace obligation.

This means that, in the periods between the renewal of the collective agreement, it is in effect, illegal for the social partners to take industrial action (strike and lockout).

It is only legal to take industrial action if the partners cannot agree on renewing the collective agreements.

Limited legislation

Labour market legislation is very limited and only covers a few issues the rest is regulated in collective agreements.

The legislation covers:

- health and safety
- holiday entitlements
- sickness benefits
- equal treatment and anti-discrimination
- equal pay
- duration of maternity/paternity leave

Limited legislation

- **No statutory minimum wage**

Wages are defined exclusively in the collective agreements. Wage-setting and the development of salaries are negotiated at company or sector level.

- **Limited legislation on working time**

Working hours, overtime, flexibility is defined in the collective agreements negotiated at company or sector level. Legislation only regulate max 48 hours of work a week and the right to a rest break.

- **Limited legislation on dismissals**

Only salaried workers have regulations on notice of dismissal and unfair dismissals for other workers rights concerning dismissal is regulated by the collective agreement

The Danish model at company level

- The collective agreements implemented at the company level with local agreements between management and shop stewards on e.g. wages
- The collective agreements grants a right to elect shop stewards among the organized workers
- Companies with more than 35 employees have to set up cooperation committees where representatives from management and shop stewards meet at least 6 times a year
- The over all task of the cooperation committees is to promote cooperation within the company to benefit the enterprise and the employees alike.
- The cooperation committees deals with issues like, training of the employees, guidelines on implementation of new technology and changes in the work production process, senior policies, storage and use of personal data etc.

Flexibel labour market

The Danish labour market is in general open and inclusive.

Focus is on employment security rather than on jobsecurity. This makes companies less hesitant to recruit new employees.

It is relatively easy to dismiss employees due to e.g. flexible procedures regarding notification among other things.

Workers are open to mobility and jobchanges.

Supported by a social protection system

The model is supported by a social protection system:

- Unemployment benefit for up to two years
- Possibilities for training and retraining on the job and in between jobs
- Social benefits if an employee get sick
- Parental benefits