The Danish Employment System and the Flexicurity-model
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Chair of the OECD-LEED Committee
Facts about Denmark

• Total population 5.5 million
• Work force 2.9 million
• Employed people 2.8 million
• Employment rate 76 %
• Unemployment rate 5.9 % (Mar. 11)
• Youth unemployment 4.8 % (Mar. 11)

source: www.Jobindsats.dk (Statistics Denmark)
## Characteristics of Labour Market Policies in Regimes

<table>
<thead>
<tr>
<th>Regime</th>
<th>Policies</th>
<th>Countries</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Regime A</strong></td>
<td>• High compensation rates&lt;br&gt;• Strict availability for work requirements&lt;br&gt;• Active LMPs&lt;br&gt;• Low to average employment protection</td>
<td>Denmark, Netherlands, Sweden</td>
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<tr>
<td><strong>North-European regime</strong></td>
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<tr>
<td><strong>Regime B</strong></td>
<td>• Low compensation rates&lt;br&gt;• Few formal demands on availability&lt;br&gt;• Varying degree of active LMPs&lt;br&gt;• Limited employment protection</td>
<td>Ireland, United Kingdom</td>
</tr>
<tr>
<td><strong>Anglo-Saxon regime</strong></td>
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<tr>
<td><strong>Regime C</strong></td>
<td>• Varying compensation rates&lt;br&gt;• Varying demand on availability&lt;br&gt;• Passive LMPs&lt;br&gt;• Average to high employment protection</td>
<td>Austria, Belgium, Finland, Germany</td>
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<tr>
<td><strong>Central European Regime</strong></td>
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<tr>
<td><strong>Regime D</strong></td>
<td>• Average compensation rates&lt;br&gt;• Strict availability for work requirements&lt;br&gt;• Passive LMPs&lt;br&gt;• High employment protection</td>
<td>France, Italy, Spain, Portugal, Greece</td>
</tr>
<tr>
<td><strong>South European regime</strong></td>
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</tbody>
</table>

### Employment/population ratios, labour force participation rates and unemployment rates 2007

<table>
<thead>
<tr>
<th>Countries ordered by regime</th>
<th>Employment/population ratio</th>
<th>Labour force participation rate</th>
<th>Unemployment rate</th>
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</thead>
<tbody>
<tr>
<td><strong>Regime A:</strong></td>
<td></td>
<td></td>
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<tr>
<td>Denmark</td>
<td>77.3</td>
<td>80.3</td>
<td>3.6</td>
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<tr>
<td>Sweden</td>
<td>75.7</td>
<td>80.6</td>
<td>6.2</td>
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<tr>
<td>Netherlands</td>
<td>74.1</td>
<td>76.9</td>
<td>3.7</td>
</tr>
<tr>
<td><strong>Regime B:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>United Kingdom</td>
<td>72.3</td>
<td>76.3</td>
<td>5.3</td>
</tr>
<tr>
<td>United States</td>
<td>71.8</td>
<td>75.3</td>
<td>4.7</td>
</tr>
<tr>
<td>Ireland</td>
<td>69.0</td>
<td>72.3</td>
<td>4.6</td>
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<tr>
<td><strong>Regime C:</strong></td>
<td></td>
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<tr>
<td>Austria</td>
<td>71.4</td>
<td>74.7</td>
<td>4.5</td>
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<td>Belgium</td>
<td>61.6</td>
<td>66.7</td>
<td>7.7</td>
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<tr>
<td>Finland</td>
<td>70.5</td>
<td>75.7</td>
<td>6.9</td>
</tr>
<tr>
<td>Germany</td>
<td>69.0</td>
<td>75.6</td>
<td>8.7</td>
</tr>
<tr>
<td><strong>Regime D:</strong></td>
<td></td>
<td></td>
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<tr>
<td>France</td>
<td>64.0</td>
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<tr>
<td>Italy</td>
<td>58.7</td>
<td>62.5</td>
<td>6.2</td>
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<tr>
<td>Spain</td>
<td>66.6</td>
<td>72.6</td>
<td>8.3</td>
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<tr>
<td>Portugal</td>
<td>67.8</td>
<td>74.1</td>
<td>8.5</td>
</tr>
<tr>
<td><strong>Not categorised by regime</strong></td>
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<td></td>
<td></td>
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<tr>
<td>Korea</td>
<td>63.9</td>
<td>66.2</td>
<td>3.4</td>
</tr>
<tr>
<td>OECD Europe</td>
<td>63.5</td>
<td>68.6</td>
<td>7.5</td>
</tr>
<tr>
<td>Total OECD</td>
<td>66.7</td>
<td>70.7</td>
<td>5.7</td>
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The Danish Flexicurity Model

Limited degree of employment protection and high job mobility
- 800,000 or circa 30% of all Danish wage earners change their jobs each year
- 20% of the work force experiences unemployment each year

The main axis of the flexicurity model

Flexible labour market

The qualification effect of the LMP

Generous welfare schemes

Motivational effects of LMP

Active LMP

High compensation 2 years duration incl. activation,

Activation is both a right and an obligation
- In Denmark 1.7% of GDP is spent on active measures and 2.5% on passive measures
The main elements of the Flexicurity model

- A flexible labour market with low employment protection and high job mobility
- Income security
- An active labour market policy
- Collective agreements between social partners on the labour market
- Dynamic legislative process – regular review and revision
Focus of the Danish Employment Service

In order to stimulate labour supply and reduce structural unemployment focus is:

- **Work first strategy** (only for youth with no education is vocational training a first priority)

- **Minimise jobseeking periods** (early and frequent contact to the jobseekers to strengthen obligation to be available for jobs)

- **Jobseeking directed towards Bottleneck Industries and potential jobopenings**

- **Upgrading the employability of the unemployed** (upgrading the skills of the unemployed to the needs and demands of the local and regional labour market)
Strategies and Tools in the Active Labour Market Policy (AMLP)

- Qualifications through "jobtraining" in private and public enterprises
- Qualifications through job-oriented training offers
- Measures within the ordinary educational system
- Training-projects combining education and jobtraining elements
- Increase capacity of Vocational Training adult workers
Involving Private Enterprises in AMLP

1) Private Service Providers
   • Full responsibility for specific target groups (contracting)
   • Have to meet prescribed performance targets
   • Payment depends on performance

2) Private-public Partnerships
   • Special requirements when private Enterprises are contracting with public Institutions. An example could be to employ or train certain target groups.

3) Corporate Social Responsibility
   • Private Enterprises offering
     • job training and apprenticeship
     • wage subsidies
     • mentoring services
     • Partnerships
     • training and skills enhancement upgrading programmes for employees
Active measures in the Enterprises

Development in Denmark 2004-2010

- All active measures in the Enterprises
- Wage subsidy (public)
- Wage subsidy (private)
- Apprenticeships