

Mind the gap: Denmark: Employer perspective

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Julie A. Norstrand

INTRODUCTION

In this paper, we present information about the availability of human resource policies and resources that characterize quality employment and compare the availability of selected workplace-based resources in the Denmark with four other countries: Germany, Norway, Sweden and the United States. The information presented has been selected from the 2005 Cranet Survey.

Organizations that want to remain employers-of-choice must periodically assess how shifts in the business environment might impact the effectiveness of their talents: management strategies, policies and programs. Globalization and changes in the age composition of the workforce are two important 21st century trends that can have a significant impact on the need to customize and adjust core strategies and practices. Employers around the world are challenged by the need to establish talent-management policies and practices that are both globally strategic and relevant to specific country contexts. Forward-thinking employers are considering:

- How might shifts in the economic structure and age composition of the workforces in different countries affect the next generation of human resource policies and practices?
- How might these policies and practices support the sustainability of great places to work?

What does “mind the gap” mean?

Train stations across England play recorded messages to remind passengers that they should “Mind the Gap.” These words of caution urge train travelers to pay attention to the space between the door of the train car and the platform in the station for safe commutes and travels.

For this series of research publications, we have adopted the phrase “Mind the Gap.” The Mind the Gap series aims to remind employers to pay attention to any gaps that might exist between employees’ priorities and needs and employers’ allocation of workplace-based resources. Our Mind the Gap papers also aim to help readers mind such gaps in quality of employment in other country contexts.

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The Sloan Center on Aging & Work in Boston, in collaboration with the Middlesex University Business School in London, created the Mind the Gap series to provide employers with basic employment-related information country-by-country. There are two types of papers in the Mind the Gap series.

Employee Series: This series examines the perspectives that adults of different ages have about employment and the assessments that they make about their employment experiences. These papers focus on one central question: *Does age affect employees' preferences for an idealized job and their assessments of their employment experiences?*

Employer Series: This series examines the prevalence of human resource policies and programs at workplaces in a selected country. Because most talent-management strategies and programs are age-neutral, we compare the availability of selected human resource policies in practices in the targeted country with the availability of similar policies and practices in a small number of countries with approximate economic circumstances. These papers focus on one core question: *How does the availability of human resource policies and programs in the targeted country compare with other countries?*

Although papers in both series focus on a single country, when the information contained in two or more papers are considered in tandem, it is possible to consider whether employees' perceptions of their employment experiences vary from country to country.



Quality of Employment: Dimensions of a “Good Job” and a “Good Place to Work”

Most people would agree that good jobs are a good thing. High-quality jobs offer benefits to employees and to the organizations where they work.

- **Benefits for Employees:** The quality of employment affects the health and well-being of employees. Research confirms that poor-quality jobs (such as jobs requiring extreme work hours or jobs that are very demanding—particularly those where employees do not have access to the resources they need to meet those demands) are associated with negative outcomes, including high stress levels and physiological reactions such as cardiovascular problems.¹
- **Benefits for Employers:** Employers often connect the quality of employment they offer to employees to their employer-of-choice strategies. There is some evidence that the adoption of policies and practices that promote the quality of employment available to employees is related to positive outcomes for organizations, such as customer satisfaction and organizational performance.² Employer-of-choice strategies can result in enhanced employee engagement that, in turn, can be linked to organizational outcomes, including financial measures. For example, higher employee engagement can reduce costs such as those associated with unwanted turnover. One study found that 59% of highly engaged employees report that they “intend to stay”³ with their employers in comparison to the 24% of disengaged employees who “intend to stay.” A number of studies have linked employee job satisfaction with positive performance indicators. Fortune reports positive relationships between being recognized as a “great place to work” and stock indices.^{4,5}

The Global Institute focuses on eight important dimensions of the quality of employment:

- Fair, Attractive, and Competitive Compensation & Benefits
- Opportunities for Development, Learning & Advancement
- Wellness, Health & Safety Protections
- Opportunities for Meaningful Work
- Provisions for Employment Security & Predictabilities
- Workplace Flexibility
- Culture of Respect, Inclusion & Equity
- Promotion of Constructive Relationships at the Workplace

The following sections of this paper use the quality of employment framework as a structure to discuss the perspectives of employees about their employment situations.

QUALITY EMPLOYMENT IN DENMARK:

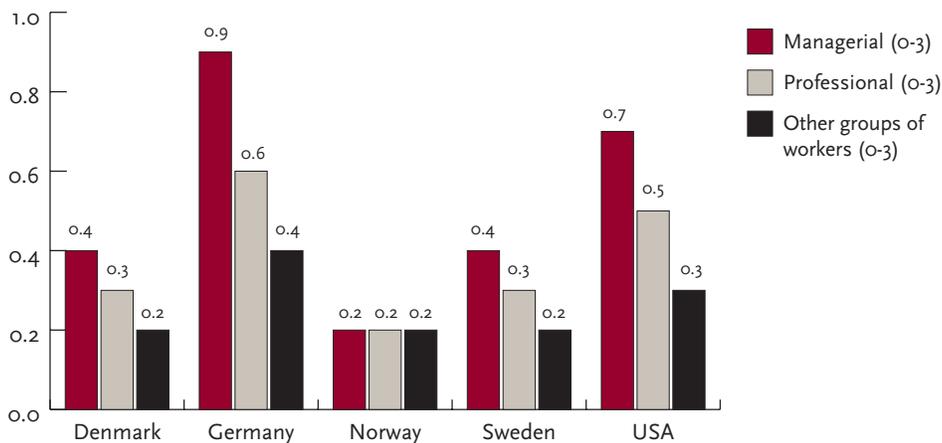
I. Indicators of Fair, Attractive, and Competitive Compensation & Benefits

- Compensation and benefits are distributed in a fair and equitable manner, meeting most of employees' basic economic needs.

- Denmark health benefits are perceived as being fairly generous by European standards. Compensation fully covers any absence from the beginning of the absence for a period of up to 120 days and in some instances a full year, and pays 80% of the employee's wage. Employers pay benefits for the first 14 days where after the State continues to pay.⁶

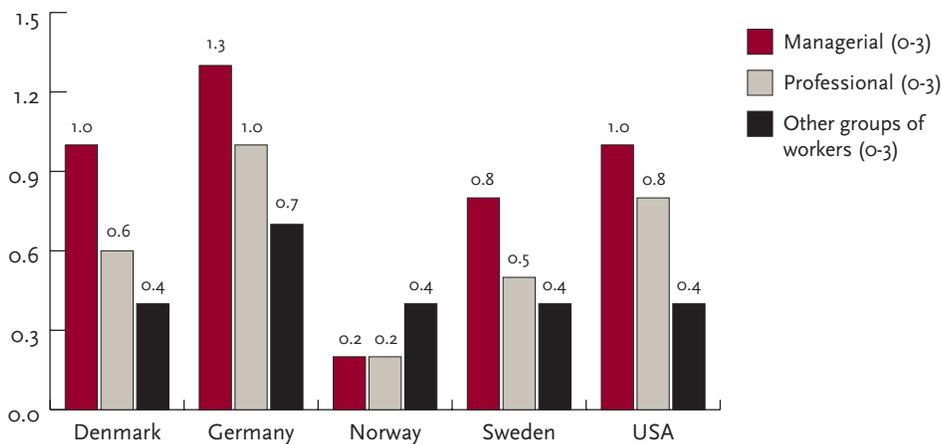


Figure 1: Average number of types of pay, by country (employee share schemes, profit sharing, and stock options)



Source: Cranet. (2005).⁷

Figure 2: Average number of pay variances, by level by country (individual, team, organization-wide performance)



Source: Cranet. (2005).⁷

A scale was constructed measuring the variety of special pay options (aside from wage and salaries) available to different groups of workers. Three types of special pay options were considered—employee share schemes, profit sharing, and stock options. For each option 0=no availability and 1=availability, leading to a total scale of 0-3. As indicated in Figure 1, payment schemes in Denmark in 2005 were on par with Sweden. Both Denmark and Sweden were more generous than Norway's payment schemes. However, the most generous payments schemes occurred in Germany and then the United States.

A scale was constructed measuring average number of pay variations available to workers of different levels. Three types of levels were considered—individual, team, and organization-wide availability. For each option 0=no availability and 1=availability, leading to a total scale of 0-3. As indicated in Figure 2, in 2005, Denmark was on par with USA in terms of pay variations availability. Germany however, provided the greatest pay variations along all three groups: managerial, professional and other groups of workers.



II. Indicators of Opportunities for Development, Learning & Advancement

► *Opportunities for the development of expanded skills and responsibilities are available.*

- Denmark is considered to be a country with a ‘strong vocational system.’⁸
- Denmark provides vocational training to both unskilled and skilled workers through the *arbejdsmarkedsuddannelser* or AMU. In order to participate, workers must either be a resident of Denmark or have employment in Denmark. In general there are three main types of program, one of which is targeted towards labor management skills and competences, such as social communication, organization and management.⁹
- The rate of employees taking time off for training is higher when employer incentives are stronger. In Denmark, time off for employees has an estimated annual rate of 9% of the eligible population. The higher rate is the result of improved incentives for both employers and employees. The training is financed by sectoral levies, targeted on low-skilled employees who have been with the same employer for more than 6 months and wage reimbursement is paid to individuals.¹⁰

Figure 3: Availability of learning and development opportunities by country (standardized scores)

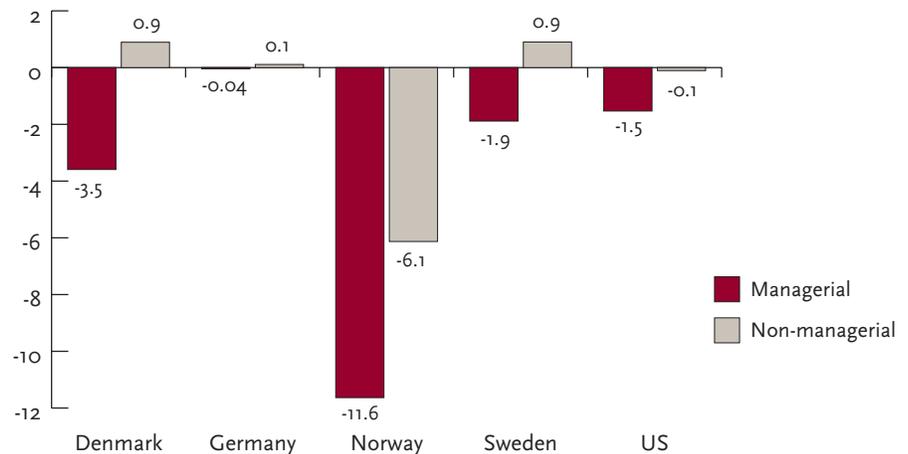


Figure 3 highlights the emphasis that Danish workplaces put on training non-managerial workers compared to managerial workers. When compared to other countries, Denmark provided more opportunities for non-managerial workers except for Sweden. However, Denmark provided the least availability of learning and development opportunities for managerial workers after Norway

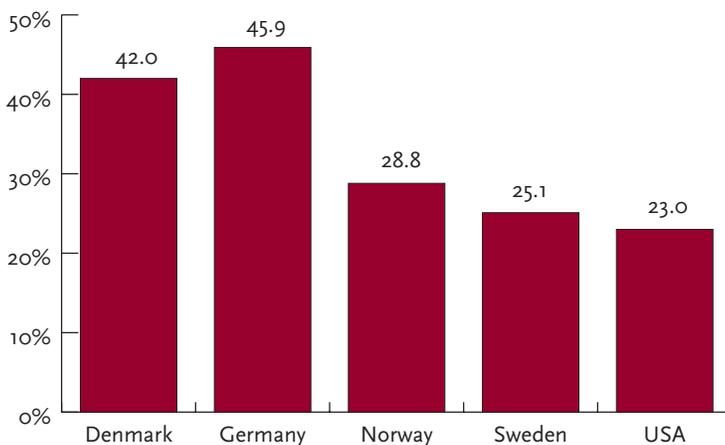
Source: Cranet. (2005).⁷

III. Indicators of Wellness, Health & Safety Protections

- ▶ *Well-being is promoted through workplace policies, and social protections are offered in case of illness.*
- Employers must ensure all persons are able to work under safe conditions and in compliance with the Danish Working Environment Legislation. This includes a duty to inform employees about dangers and health risks that may be related to the work and to train them so that the work can be performed safely.¹¹
- The Danish government launched a new national action plan in 2003 aimed at reducing levels of sick leave. This includes improvements in how companies handle sick leave. For example, it is now compulsory for companies to integrate sickness absence into the statutory Occupational Safety & Health audit by the Danish Working, Environment authority.¹²



Figure 4: Health and safety data kept by information system



Source: Cranet. (2005).⁷

As suggested by the findings presented in Figure 4, just under half of Danish employers kept data regarding health and safety on their employees. Such record keeping was higher than most other comparison countries (Norway, Sweden and USA). Only German employers were more likely to keep health and safety records on their employees.



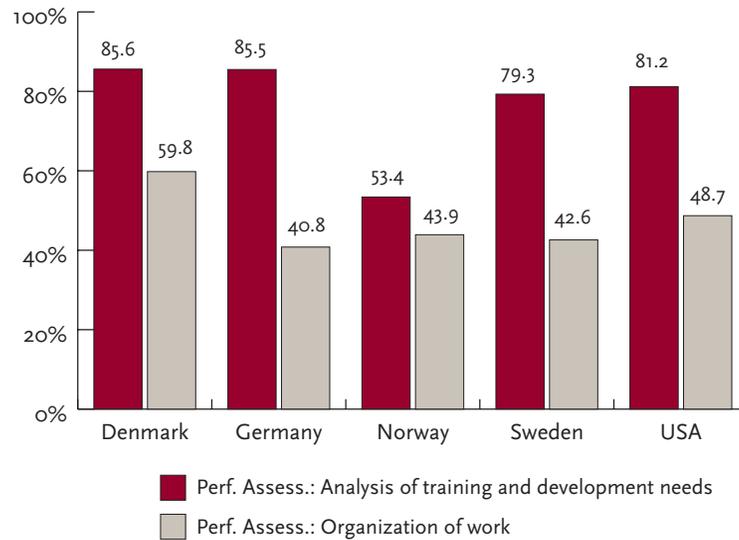
IV. Indicators of Opportunities for Meaningful Work

► *Opportunities for meaningful and fulfilling work are available.*

- Danish employers were more likely than Norway, Sweden and USA to report use of employees' performance assessments as a way to assess training and development needs as well as organization of work.

As suggested by the findings presented in Figure 5, 85.6% of the employers in Denmark report that they use employees' performance assessments as a way to assess training and development needs. In addition, 59.8% of employers in Denmark report that they use employees' performance assessments as organization of work.

Figure 5: Use of information from performance assessments for analysis of training & development needs and the organization of work



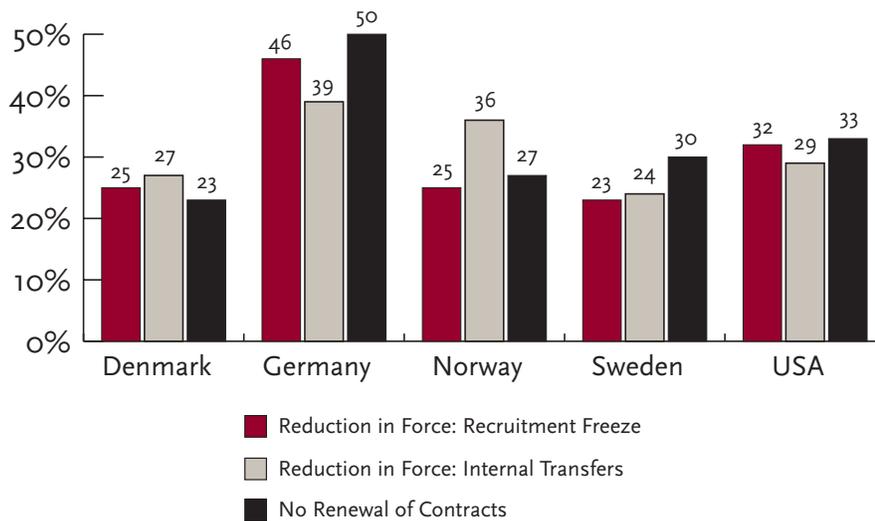
Source: Cranet. (2005).⁷

V. Indicators of Provisions for Employment Security & Predictabilities

- ▶ *Terms of employment are communicated clearly, with an emphasis on smooth transitions through jobs and careers.*
- Approximately 80 % of Danish employees are members of a trade union; however, union density varies from one sector to another.¹³



Figure 6: Indicators of employment predictability, by country



As suggested by the findings presented in Figure 6, overall Danish workers experienced less employment insecurity in that they were less likely to experience reduction in work force in terms of recruitment freezes; less likely to experience reduction in work force in terms of internal transfers; and less likely to experience non-renewal of work contracts. Germany however was the country that experienced the greatest employment insecurity

Source: Cranet. (2005).⁷



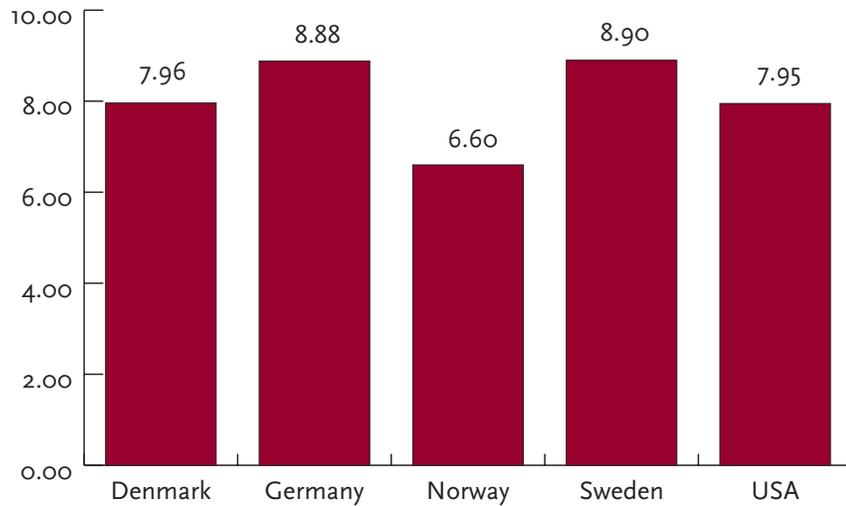
A scale was constructed measuring the use of flexible work options at the workplace. Four types of options were considered—job sharing, teleworking, flex time, and a compressed work week. For each option 1=not used, and 6=used by over 50% of the workforce, leading to a total scale of 1-24 for the four options mentioned, with 24 indicating widespread availability of all options and 0 indicating no availability. As indicated in Figure 7, Denmark was on par with USA in terms of likelihood of providing flexible work options at the workplace. However, Denmark was less likely to do so compared to both Germany and Sweden but more likely to do so than Norway.

VI. Indicators of Workplace Flexibility

► *Options, choice, and control over work conditions and hours are available.*

- Collective bargaining on working hours has increasingly been decentralized in Denmark, leading to a large number of agreements on flexible working hours at the company level.¹⁴

Figure 7: Index of estimated use of flexible options at the workplace, by country



Source: Cranet. (2005).⁷

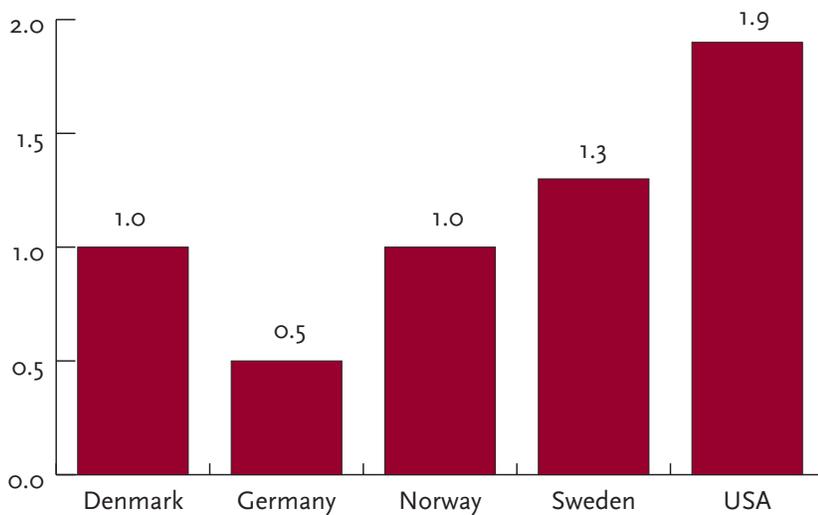
VII. Indicators of Culture of Respect, Inclusion & Equity

► *Diversity, inclusion, and employee personal growth are valued.*

- Denmark has a strong record on gender equality. According to the World Economic Forum it ranked 7th in the 2008 Global Gender Gap Report.¹⁵
- According to a report by the OECD in 2005, labor market participation rates of older women and men are among the highest in the OECD area. However, there is still room for improvement. According to the report, employers need to promote an “age-friendly environment” in firms. For example, mandatory retirement clauses available in collective agreements need to be abolished and awareness among employers of age discrimination legislation needs to be raised. Also, the report recommended a need for expanding training opportunities for older and low skilled workers, through a life course perspective.¹⁶



Figure 8: Programs for targeted employee population groups, by country



Source: Cranet. (2005).⁷

A scale was constructed measuring the availability of program types for particular employee population groups. Four types of populations were considered—minority ethnic groups, older workers, individuals with disabilities, and women. For each option 0=no (i.e. no programs), and 1=yes (i.e. a program exists), leading to a total scale of 0-4 with 0 indicating nothing available to any group and 4 indicating programs available to all groups. As indicated in Figure 8, the availability of the four types of programs in Denmark was on par with Norway, however fell behind Sweden and USA. Germany was the country least likely to provide these types of programs.



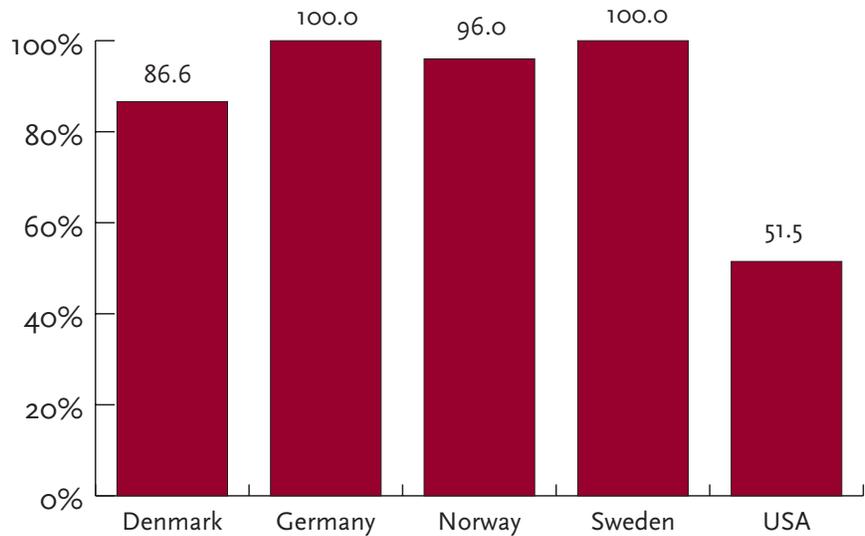
VIII. Indicators of Promotion of Constructive Relationships at the Workplace

► *Interactions with supervisors and coworkers are professional and respectful.*

- Danish workplaces are characterized by an absence of the highly hierarchical structure found in many other countries. The line of command between the boss and the employees is short, and in principle everyone—regardless of education, position or social status—is regarded as equal.¹⁷

As indicated in Figure 9, Danish employers were more likely to recognize trade unions for collective bargaining compared to the USA. However, Denmark was less likely to recognize trade unions compared to German, Sweden and Norway.

Figure 9: Recognize Trade Unions for collective bargaining



Source: Cranet. (2005).⁷

SUMMARY: MINDING THE GAP

Danish employers reported both strengths and weaknesses of the Danish workplace. In terms of strengths, the Danish workplace has health benefits which are perceived as being fairly generous by European standards. Also, Denmark is considered to be a country with a 'strong vocational' system. For example, Danish employers were more likely than Norway, Sweden and USA to report use of employees' performance assessments as a way to assess training and development needs as well as organization of work. Also, in Denmark time off for training for employees has an estimated annual rate of 9% of the eligible population. The higher rate is the result of improved incentives for both employers and employees to get involved. This is supported by Cranet 2005 data, which showed that compared to other countries, Denmark provided more training and development opportunities for non-managerial workers except for Sweden. However, Denmark provided the least availability of learning and development opportunities for managerial workers after Norway.

Another strength of the Danish workplace is that Denmark employers have made efforts to ensure the safety of their employees. For example, just under half of Danish employers kept data regarding health and safety on their employees. Such record keeping was higher than most other comparison countries (Norway, Sweden and USA). Only Germany reported higher frequency of record keeping. Protection of employees also occurs through trade unions. Approximately 80% of the Danish employees are members of a trade union, however, union density varies from one sector to another.

Danish employers reported few weaknesses of the Danish workplace. Denmark provided the least availability of learning and development opportunities for managerial workers after Norway, compared to the Germany, Sweden and USA. This contradicts the high level of learning and development opportunities for non-managerial workers in Denmark. Despite growth in special populations, including minority and older adults, Denmark was on par with Norway in terms of providing programs for targeted employee populations, however, fell behind Sweden and USA.

CONCLUSION: MINDING THE GAP

Overall, according to employers, the Danish workplace presents many advantages compared to Germany, Norway, Sweden and USA. It is important that Denmark makes efforts to minimize potential weaknesses that could minimize the Danish competitive advantages in the global workplace.

ABOUT THE INSTITUTE

Established in 2007 by the Sloan Center on Aging & Work, the Global Perspectives Institute is an international collaboration of scholars and employers committed to the expansion of the quality of employment available to the 21st-century multi-generational workforce in countries around the world.

The Global Perspectives Institute focuses on innovative and promising practices that might be adopted by employers and policy-makers.

The Institute's research, publications, and international forums contribute to:

- ▶ a deeper understanding of the employment experiences and career aspirations of employees of different ages who work in countries around the world;
- ▶ informed decision making by employers who want to be employers of choice in different countries; and
- ▶ innovative thinking about private-public partnerships that promote sustainable, high quality employment.

In addition to the Mind the Gap series, the Global Perspectives Institute publishes a Statistical Profile Series that highlights workforce demographic trends in different countries and a Global Policy Series that focuses on selected workforce policy in certain country contexts.

For more information on SCAW publications, please visit us online at:
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The Sloan Center on Aging & Work at Boston College promotes quality of employment as an imperative for the 21st-century multi-generational workforce. We integrate evidence from research with insights from workplace experiences to inform innovative organizational decision making. Collaborating with business leaders and scholars in a multi-disciplinary dialogue, the Center develops the next generation of knowledge and talent management.

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