

# Denmark: Public policy

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## DENMARK

### *Public Policy*

Julie Norstrand



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This policy brief discusses employment laws in Denmark, with a particular focus on policies related to the employment of older workers, as it relates to the dimensions of the quality-of-employment framework. Rather than discussing all employment policies, this policy brief will highlight the most significant legislation in order to provide a general introduction to current policies as they relate to quality of employment in contemporary Denmark.

This brief includes four sections:

- An in-country policy context that introduces the reader to the policy background of Denmark.
- A discussion of dimensions of quality employment, providing a policy overview of the major public policies affecting each dimension. The following matrix represents factors that impact the quality of employment. This brief discusses eight components in this matrix.
- A contextual focus on Retirement reform implemented in various stages since 1999, has led to a notable rise in the employment rate among older adults in the last decade.
- A brief conclusion on the implications of policy for quality of employment in Denmark.



This brief uses the quality of employment framework to discuss the effect of public policies in the Denmark.

## IN-COUNTRY POLICY CONTEXT

Denmark experienced exceptional economic growth during the mid to late 1990s with a GNP per capita ranked among the top five in the world. In January 2008, Denmark had the lowest unemployment rate in the world.<sup>1</sup> However, this is not the case today with the recent economic crisis.<sup>2</sup>

Denmark also experienced economic hardship from the late 1970s through the early 1990s during which the Danish economy suffered from low economic growth and high unemployment rates. Despite the recent economic crisis, the Danish economy remains strong relative to many of its European partners.<sup>2</sup> According to Lundvall (2008), some unique traits of Denmark that may explain its economic strength include its relatively small population, ethnic homogeneity, egalitarian society, and recent peaceful history.<sup>1</sup> Furthermore, the emphasis on rights through citizenship rather than employment may also partly explain Denmark's success.<sup>3</sup> Additionally, Denmark's unique combination of flexibility and security (a.k.a. Flexicurity) has been considered to play a key role in Denmark's favorable labor market outcomes.<sup>4</sup>

Flexicurity, which is currently characterized by three main components: flexibility, security and active labor policies, plays an important role in the Danish workplace. Indeed, Denmark provides a classic textbook example of how a country has combined a dynamic economy, high unemployment as well as high social security.<sup>4</sup> In order to understand Flexicurity, it is important to be aware of the role of collective bargaining as a means of coming to a 'balance of compromise' between employers and employees.<sup>5</sup> Contractual agreements between employers and employees are primarily regulated by collective bargaining rather than legislation. Collective bargaining plays an important role in the development of workplace policies in the Danish workplace. Denmark stands out as a country with very limited legislation affecting work-time flexibility.<sup>5</sup>

The collective bargaining agenda between trade unions and employers has played a key role in all eight quality dimensions of employment in Denmark, including health and safety in the workplace, constructive relationships in the workplace, and lifelong learning. Collective bargaining has had a particularly important impact on various forms of security like the labor market, pension system and other initiatives aimed at employees with diminished work capacity. Hence, collective bargaining has increased job security for certain groups of disadvantaged employees, including older adults.

The Flexicurity model in Denmark, which has been in existence since the nineteenth century,<sup>6</sup> has undergone notable transformation over time. During the 1970s and 1980s it was characterized primarily by flexibility and security; however, in the 1990s, a third leg of active labor market policies was added. These important labor reforms turned around Denmark's high unemployment rates of the 1970s and 1980s by shifting away from more passive income maintenance to more actively focusing on job search and employment. Today, despite the current turbulent financial situation, the government, the Danish Employers' Association, and the Danish Congress have agreed that the Flexicurity model helps maintain a flexible labor market. Indeed, it is expected that once the economy rebounds, companies are likely to take on employees more quickly than without Flexicurity.<sup>2</sup>

In many respects Denmark is relatively well placed for future economic growth since its population is aging at a slower pace than in many other countries of the Organization for Economic Co-operation and Development (OECD). There are numerous factors that may explain this trend. First, Denmark has experienced relatively slower increases in longevity and relatively higher birthrates.<sup>7</sup> In terms of numbers, the ratio of older individuals aged 65+ to the working-age population is forecasted to rise from 24% in 2004 to 40% by 2035.<sup>7</sup> A second reason Denmark may be considered to be relatively well placed in terms of its future economic growth is due to the relatively high participation rates of older women and men aged 50-64. In 2005 participation rates for older men and women aged 50-64 in Denmark were the 4th and 9th highest, respectively, among the OECD countries.<sup>7</sup> Despite these positive figures for Denmark, almost 30% of GDP spending is aging-related public spending. This proportion puts Denmark at the highest level in the European Union.<sup>7</sup> Policies focused on the aging workforce are critical for Denmark and remain a focal point in development of future workplace policies.

What follows is a description of the major employment policies of Denmark along the eight dimensions of quality employment. Many of these policies have resulted directly from collective bargaining and are heavily influenced by the key components of Flexicurity.

## POLICY OVERVIEW

### DIMENSIONS OF QUALITY OF EMPLOYMENT



#### ➡ Indicators of Fair, Attractive, and Competitive Compensation & Benefits

*Employees' basic economic needs are secured and fair and equitable distribution of compensation and benefits among employees is promoted.*

#### Overview

In Denmark there is no statutory minimum wage; instead, collective agreements determine pay and working conditions.<sup>8</sup> Numerous employment acts exist that ensure fair, attractive and competitive compensation and benefits for individuals in the Danish workplace, including parental leave, childcare and unemployment benefits.

#### Parental Leave Act (Forældreorlov)

The Parental Leave Act grants a year of protected leave for a two-parent family. The mother is entitled to approximately 19 weeks, full-time employment, paid leave, with a remaining 31 weeks unpaid. The father is entitled to one week paid and two weeks unpaid leave.<sup>9</sup> As of 2002, an amendment incorporated greater flexibility into the act by enabling parents to take leave on a part-time basis.<sup>10</sup>

#### Childcare Leave

Childcare leave was introduced through employment reform in 1994<sup>11</sup> and entitled parents to between eight and 52 weeks of childcare for children zero to eight years of age. During this time, the parent can receive 60% of the highest

unemployment benefit rate, which provides a small amount of support. In addition to childcare leave, public childcare is also available. Generally, there is a guaranteed place for the child at one-year of age. Cost of daycare in Denmark is low relative to many other countries. The maximum cost is 33% of the actual cost per child; the rest is paid by the state. In most cases the cost of childcare is considerably lower.<sup>11</sup>

#### Unemployment Benefits

Unemployment insurance is a voluntary function operating via unemployment insurance funds. The Danish system differentiates between “unemployed insured persons” and “unemployed uninsured persons.”<sup>12</sup> The vast majority of Danish workers are covered by unemployment insurance; in 2008 approximately 90% of the workforce was covered.<sup>13</sup>

Employment insurance can be obtained by Danes residing in Denmark between the ages of 18 and 63. In order to receive unemployment insurance, individuals must have worked at least 52 weeks within the prior three years and must also have been a member of an unemployment insurance fund for at least one year. Unemployment benefits can be paid up to a maximum of 90% of the member's previous work income, which in 2008 was a limit of DKK 3,515 (just over \$600) per week, and can be collected for a maximum of 4 years.<sup>14</sup> If the unemployment is ‘voluntary,’ the individual cannot collect unemployment insurance for the first three weeks.<sup>13</sup> Unemployment benefits can no longer be collected after the age of 65. Unemployed uninsured individuals may collect social benefits, which are administered by the municipalities.



### ➤ Indicators of Opportunities for Development, Learning, & Advancement

*Job skill development and advancement are promoted for employees of as many industrial sectors, employment statuses, and life/career stages as possible.*

#### Overview

One of the key prerequisites for successful modernization of the Danish workforce has been investment in general training and learning in the workplace. The Danish workplace adheres to the concept of a “learning” economy which is based on the principle that “the most important change is not the more intensive use of knowledge in the economy, but rather that knowledge becomes obsolete more rapidly than before; therefore it is imperative that firms engage in organizational learning and that workers constantly attain new competencies.”<sup>1</sup>

#### Workers’ Training in General

According to Anderson & Mailand (2005), the Danish workplace puts strong emphasis on job training. Indeed, a survey carried out in 2003 by the European Center for the Development of Vocational Training among the EU15 countries (including Norway and Iceland) found that Denmark was a country where the greatest proportion of employees had taken part in supplementary training or education over a period of 12 months.<sup>5</sup> According to a report submitted to the European Commission in 2007, “Denmark is among the countries with the highest flexibility and is one of the countries which invests the most in the development of human resources.”<sup>15</sup> Much of this education takes place in the workplace. The social partners, through collective bargaining, play an important role in planning the education of the workforce. An approach to

further education and training is functional flexibility, which reflects the employee’s ability to carry out various different tasks, thus enabling flexibility in the organization of work. Functional ability is related to continuing education and training by building competencies of the employee.<sup>5</sup>

The Danish government and parliament recently agreed to make the Adult Apprentice Scheme grant, a right.<sup>2</sup> The program focuses primarily on adults with out-dated or insufficient vocational training. In addition, the government’s National Globalization Strategy, initiated in 2006 and scheduled to be implemented during the period 2007-2012, will provide lifelong education for everyone.<sup>3</sup> Among the specific aims of this strategy are (i) “95% of all young people shall complete a general or vocational upper secondary education by 2015,” and (ii) “50% of all young people shall complete a higher education programme by 2015.”<sup>15</sup>

#### Senior Practice (Seniorpraksis)

Lifelong learning has become the “new employment security objective on the agenda of trade unions” in the Nordic countries.<sup>16</sup> However, as Tikkanen et al. (2008) points out, lengthening the working life of older workers has not been on the agenda. Rather, the focus of unions has instead been on ensuring decreased working time and early exit pathways.<sup>16</sup> However, in Denmark the “LO” (The Danish Confederation of Trade Unions) has played a significant role in the development of Seniorpraksis (senior practice), which focuses on providing policies within the workplace that enable greater work opportunities for older workers. The LO provides guidance to employers regarding older workers through their website [www.lo.dk/senior](http://www.lo.dk/senior).<sup>3</sup> Recommendations center on maximizing older workers’ skills, maximizing the motivation level of older workers in order to delay voluntary retirement, and providing learning opportunities directed at older workers.<sup>3</sup>



### ➤ Indicators of Wellness, Health & Safety Protections

*Protection of employees' safety and health at their worksites is mandated, and their physical and mental well-being is promoted. In the case of job-related injury or illness, compensation or other forms of social protection are offered.*

#### Overview

There are numerous protections provided by various entities that ensure protection of Danish employees, including wellness, health, and safety. The major entity involved in ensuring the safety and compensation of workers is the Danish Working Environment Authority (Arbejdsskadestyrelsen).

#### Danish Working Environment Authority (Arbejdsskadestyrelsen)

The Danish Working Environment Authority is an agency under the auspices of the Ministry of Employment that contributes to the health and safety at Danish workplaces.<sup>17</sup> In 2003, the Danish parliament passed a reform in the field of workers' compensation, whereby more accidents and occupational diseases were recognized as industrial injuries. The act took effect in two parts: in 2004 for accidents and in 2005 for diseases. Furthermore, Denmark sees work-related mental disorders as the newest challenge in the modern labor market. In 2005 Denmark became one of the few countries in the world to include a mental disorder on the list of occupational diseases. This list of diseases is continuously updated by the Occupational Diseases Committee. A review of compensation claims in 2009 found that three out of eight workers' compensation claims on depression were caused by stress.<sup>17</sup>

In 2005, the Danish government, in collaboration with the social partners, prepared a new list of priorities concerning the most important working-environment problems to be tackled for the period up to and including 2010. Four priority areas with targeted goals by 2010 include: (i) industrial accidents (with a reduction target of 20%, measured by "injury, loss of ability to work, and absenteeism due to sickness"); (ii) psychological work environment (with a reduction target of 10%, measured by absenteeism due to sickness), (iii) noise (with noise causing hearing damage of 15% and nuisance noise of 10%, measured by noise causing hearing damage in affected sectors, self-reported noise) and (iv) musculo-skeletal disorders (reduction not yet set, measured by absenteeism due to sickness). In terms of targeted populations, retaining older adults in the labor market was a special focus for the Danish government as of 2005.



### ➤ Indicators of Opportunities for Meaningful Work

*Opportunities for meaningful or fulfilling employment are promoted through facilitating appropriate job-skill matches, self-realization through occupation, or community participation away from routine work.*

#### Overview

Although there are no specific policies focused on this dimension, job satisfaction has been found to be consistently high in Denmark compared to other countries.<sup>19</sup> There are many possible explanations for this trend. Gupta and colleagues describe the positive impact of various policies, including those that promote gender equality and family friendly policies (i.e., leave practices and childcare), on life satisfaction in general.<sup>20</sup> Other workplace policies that have been linked to job satisfaction specifically are flexible workplace systems and job training.<sup>21,22</sup> Furthermore, workplaces with counseling services can also ensure higher job satisfaction among employees.<sup>23</sup>



### ➤ Indicators of Provisions for Employment Security & Predictability

*Stable provision of employment opportunities for job seekers is promoted, clear communication of terms of employment is facilitated, and protecting the job security of the employed is a policy objective.*

#### Overview

One of the trademarks of the Danish Flexicurity system is the relative ease with which employees can be hired and fired.<sup>5</sup> Yet the Danish labor market system is also characterized by the availability of generous, universal, individualized welfare benefits funded mainly through the tax system. It is important to note, though, that efforts have been introduced to curb benefits, including numerous reforms to retirement benefits, in order to ensure that older workers remain in the workplace.

#### Pension System

The complex Danish pension system consists of three main pillars: 1) a flat-rate, consisting of three levels based on individual contribution records; 2) various occupational pension levels; and 3), individual pension levels or contributions based on individualized agreements with the employer.

- The **first pillar** consists of “(i) a flat-rate universal scheme, public old-age pension, (“Folkepension”); (ii) a labor market supplementary pension (“ATP”); (iii) a labor market supplementary pension for recipients of the disability pension (“SAP”); and (iv) special pension savings (“SP”).”<sup>7</sup> Folkepension is available to individuals aged 67 and older. This age cut-off was lowered to 65 years in July, 2004, but



has since been reversed back to 67 years. The ATP consists of deferred annuities made up of contributions from the employer (two-thirds) and the employee (one-third). The actual contributions are based on hours worked, not on earnings, as well as negotiations between the social partners. The proportion of old-age pensioners receiving ATP is significant. The SAP is considered as a supplement to the public old-age pension and can be collected from the age of 65 and older. Since it started only in 2003, there are currently few beneficiaries. The SP is also distributed from aged 65+, and the amount paid out depends on the savings incurred.



### ➤ Indicators of Workplace Flexibility

*Availability and utilization of flexible work options are promoted for employees of various life stages through increasing their control over work hours, locations, and other work conditions.*

#### Overview

- In the **second pillar** there is a wide range of occupational pension levels available in the Danish workforce. The main difference among these levels lies in the amount that can be contributed, ranging from 9% to 18%.<sup>7</sup> The second pillar currently covers the vast majority (80%) of the workforce.<sup>7</sup>
- Finally, the **third pillar** consists of private pension systems and tax-subsidized savings, which are often administered by the employer, and for the most part contributions start at 60 years of age. A minority of full-time employees contribute to this fund; for example, in 2002, 17% of full-time workers aged 25-64 made contributions.<sup>7</sup>

Denmark is characterized by high workplace flexibility as a result of Flexicurity.<sup>24</sup> Collective bargaining has played an instrumental role in various areas of flexibility in the labor market including job-sharing and work hours. Indeed, the recent economic crisis has showcased the high level of workplace flexibility through job-sharing. In 2009, job-sharing increased significantly by serving as a means of reducing unemployment.<sup>25</sup> Despite its trademark workforce flexibility, it is important to note that the Danish labor market is still characterized by “a dominant core of regular full-time workers in open-ended contracts, and a much smaller and relatively stable periphery of irregular employment relationships.”<sup>26</sup>

#### Job-sharing

In the spring of 2009, the Danish government temporarily relaxed the rules on job-sharing in order to ensure better working conditions for part-time workers. This relaxation of the rules ended in the spring of 2010. Furthermore, due to the current economic crisis, greater effort to ensure prompt aid for finding a new job has increased for several groups, including older adults.<sup>2</sup>

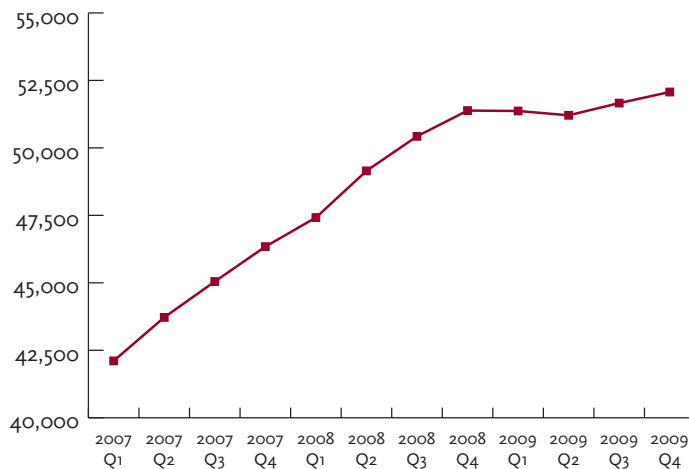


### Flexjobs

Flexjobs, introduced in Denmark in 1998, replaced the 50/50 program that had been in place since 1995. The focus had been on ensuring better work opportunities for those with permanent reduction in working capacity.<sup>27</sup> Types of working arrangements include reduced work hours, adapted working conditions, and restricted job demands. Flexjobs introduced some changes to the 50/50 program, including payment according to the degree of disability. On average, Flexjobs pay approximately 2/3 of the standard pay.

In recent years Denmark has experienced a rise in the number of flexjobs across all ages as shown in Figure 1.

Figure 1: Persons who are not in Ordinary Employment\*



\* All Danes (both men and women) of working population included in this figure

Source: Statistic Denmark (2010a)<sup>28</sup>

At the time of publication, Gupta & Larsen (2008) reported approximately 40,000 Danes eligible for flexjobs, and this was expected to increase to 100,000 by 2015.<sup>27</sup> Job creation had not kept up with demand for flexjobs; thus, 20% of those applying were without flexjobs.<sup>27</sup> One positive outcome from the program was the reduction in applications for disability pensions from approximately 22,000 to 15,000 yearly.<sup>27</sup>

### Working Hours

There are a number of laws regulating work time derived from the Working Time Directive from the EU in 2002. Although the directives have created common EU minimum standards, the vast majority of the issues relating to working time in Denmark are regulated by collective agreements. Denmark stands out as a country with relatively limited regulations on work hours.<sup>5</sup> The standard work week in Denmark is 37 hours over a period of five days. There is great flexibility in how work hours are arranged, however. According to Illsoe (2009), the arrangement of work hours has become progressively more decentralized, which has benefited the productivity of companies and the work-life balance of employees.<sup>29</sup> As Andersen & Mailand (2005) point out, "it is assumed that regulation by collective bargaining offers more scope for local variations in the organization of working time than if the working time is regulated by law."<sup>5</sup>



## Indicators of Culture of Respect, Inclusion & Equity

*Diversity in the workforce and inclusion of less-advantaged populations are promoted, and equity in work conditions is pursued.*

### Overview

The Danish workplace encourages open and informal dialogue between employees and management; thus, there is an absence of a highly hierarchical structure.<sup>30</sup> Mutual respect is a key feature of the Danish workplace. However, integration of less advantaged populations such as immigrants remains problematic, primarily due to lack of Danish skills.<sup>31</sup>

### Diversity Management

The Danish workplace is characterized by a horizontal relationship between employers and employees.<sup>14</sup> Due to increased diversity in terms of ethnicity, gender and age, Danish workplaces are putting greater focus on diversity management ("mangfoldighedsledelse").<sup>32</sup> The focus on diversity issues is a relatively new phenomenon in Danish workplaces (compared to US, UK and Canadian settings). For example, according to Risberg & Sørderberg (2008), the first time Danish newspapers reported on the concept of diversity management in the workplace was in 2000, and the practice of diversity management in Danish organizations in 2002.<sup>32</sup> The authors point out that in Denmark, diversity management has been framed in the context of social responsibility rather than from a business case (which is more prevalent in the US and UK settings).

Risberg & Sørderberg (2008) in a 2004 on-line survey examined diversity management practices and policies among the 100 largest companies in Denmark. Findings showed that HR

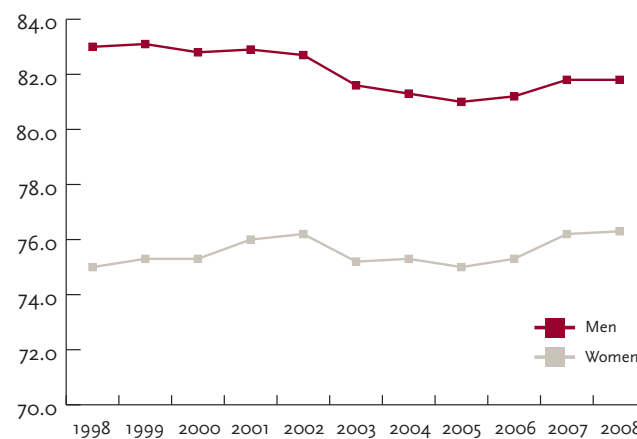
managers defined diversity management primarily in terms of ethnicity, religion and gender. Despite agreement on the need for diversity policies, few acknowledged the need for such policies in their own workplace. The majority of the respondents did not have an official diversity management policy in place as of 2004. Overall, the authors conclude; "diversity is still conceived as a burden and the initiatives taken by many larger Danish companies are primarily drawing on a discourse of diversity at the workplace as a corporate social responsibility."<sup>32</sup>

### Equal Treatment Act

The most recent changes to policies dealing with equality occurred in 2008, when Denmark passed the Act on Equal Treatment. This law addresses "complaints of differential treatment on the grounds of gender, race, color, religion or belief, political opinion, sexual orientation, age, disability or national, social or ethnic origin."<sup>33</sup> Previous enactments date back to 1973 and focused primarily on gender equality in terms of pay and treatment in the workplace.<sup>34</sup>

Equal treatment along gender lines may explain the narrowing of the gender gap in the labor market participation rate of men and women as shown in Figure 2.

Figure 2: Percent of Labor Market Participation Rates, 1998–2008, by Gender



Source: EWCO (2010)<sup>35</sup>



### Indicators of Promotion of Constructive Relationships at Work

*Employer-employee frictions and conflicts are mitigated, and constructive workplace relations are facilitated.*

#### Overview

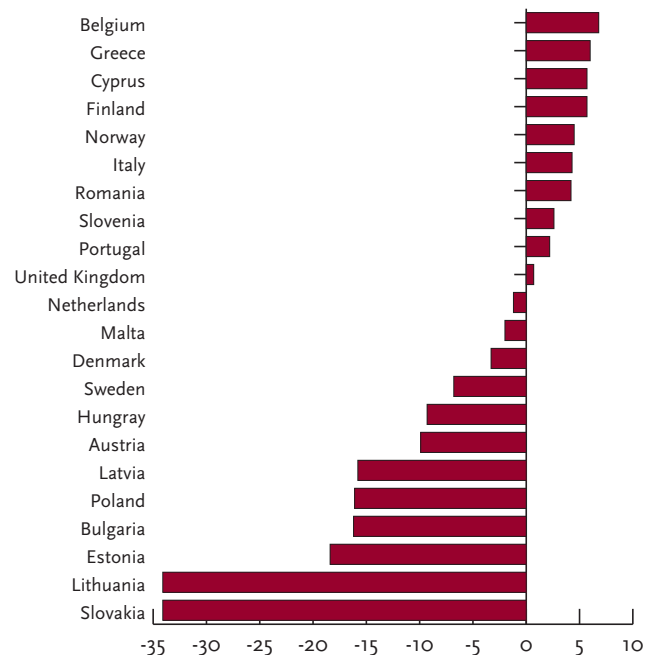
Workplace relationships in Denmark are often negotiated through labor unions whose goal is to protect and promote employees' interests at the workplace. The vast majority of Danes are eligible for membership in a union, including foreign citizens, also outside the EU, part-time workers, freelancers, retired and high-ranking officials.<sup>36</sup>

#### Trade Unions

Trade unions and employer organizations are a fundamental piece of the "Danish Model" and are considered "best qualified to recognise the problems on the labour market" and "in the best position to find solutions and adapt them to the current challenges."<sup>8</sup> There are numerous organizations comprising the social partners; the three central organizations are The Danish Confederation of Trade Unions (LO), the Confederation of Danish Employers (DA) and the Danish Confederation of Employers in Agriculture (SALA).<sup>8</sup> The social partners work in a tripartite fashion as negotiations take place between the employee, employer and the relevant authority.<sup>24</sup>

Despite the important role that trade unions play in the Danish workplace, trade union membership has dropped. There has been a decline in membership since 1996, and between 2004 and 2008 the participation rate fell from 80% to 69%.<sup>37</sup> Denmark's decline in trade union membership from 2003 to 2008 compared to other countries is shown in Figure 3.

Figure 3: Percent of Denmark's Change in Total Trade Union Membership, 2003–2008



Source: EIROLINE (2009b)<sup>38</sup>

#### Impact of the Social Partners: Trust

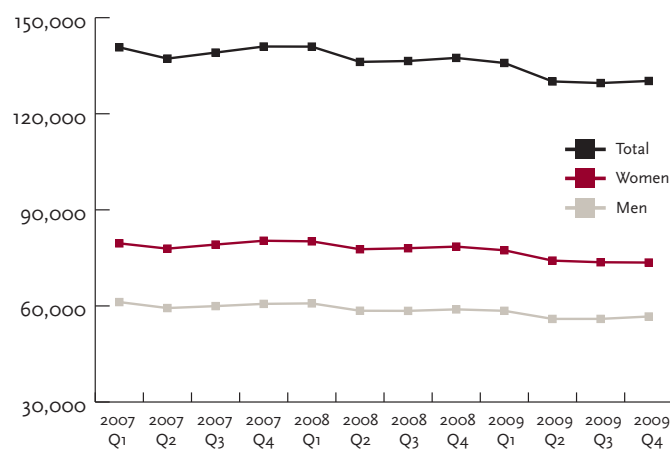
The labor market in Denmark is considered highly organized, with the majority of Danish workers belonging to a trade union, despite the recent decline in membership.<sup>5, 24</sup> There is little formal legislation or regulation of negotiations between the main constituents of the social partners; instead, dialogue and cooperation is considered voluntary. This engenders a more trusting relationship between employers and employees,<sup>5</sup> but does not mean that negotiations are free of conflict. Indeed, the recent economic crisis has led to tension between employers and employees due to employers' emphasis on ensuring continued competitiveness in an increasingly globalized work environment, while employees have been focused on ensuring increased wages and social conditions.<sup>39</sup>

## CONTEXTUAL FOCUS:

### RETIREMENT REFORM IN THE DANISH WORKPLACE

The early retirement system, the Voluntary Early Retirement System (VERP), was introduced in 1979 and provided employees the opportunity to retire early, beginning at age 60 years.<sup>40</sup> Numerous reforms have been implemented over the last decade to encourage older workers to remain in the workplace. For example, in 1999 reforms to the VERP were introduced which provided a tax free bonus of up to DKK 122,000 (\$20,836) for older workers (aged 60-65) who delayed retirement.<sup>7</sup> As of 2000, individuals were required to pay into an unemployment insurance fund for 25 out of the last 30 years instead of just 20 years.<sup>40</sup> As of 2006, two key reforms have been implemented by the Danish government: (i) a raise in the early retirement age from 60 to 62 years in the period 2019 to 2022; and (ii) in 2025, the statutory retirement age of the VERP will be indexed to the life expectancy of an individual aged 60.<sup>41</sup> Retirement reforms have led to a decrease in the number of persons opting for early retirement pay, as seen in Figure 4.

Figure 4: Persons Receiving Early Retirement Pay\*



\* All Danes by men, women and total of working population were included in this figure

Source: Statistic Denmark (2010b)<sup>42</sup>

As numbers of persons opting for early retirement pay has dropped, a rise in employment rates among older workers (aged 55-64 years) by just over 10% has occurred over the last decade.<sup>43</sup> According to Politikken, a major newspaper in Denmark, much of this rise in employment among older workers stems from retirement reforms dating back to 1999.<sup>43</sup>

In 2006, approximately 20% of workers aged 60 and over were retired; however, as of 2009, this dropped to 14% as a result of the reforms.<sup>43</sup> Recently, the FOA public sector union has argued that these figures highlight the reason why no further amendments to the retirement system should be made.<sup>44</sup>

Retirement reforms aimed at encouraging older workers to remain in the workforce have been supplemented by various programs implemented by the Danish Ministry of Employment, such as Seniorpraksis (senior practice), described in the section “Indicators of Opportunities for Development, Learning & Advancement.” Seniorpraksis focuses on addressing the needs of older workers in the workplace. For example, when an employee reaches 55 years of age, the employer and employee can meet to discuss future employment arrangements including job description, work hours, and the employee’s strengths and challenges.<sup>45</sup> Job security is enhanced through the established right to employment (once unemployment benefits expire) in the municipality where the older individual resides.<sup>46</sup> Also, older workers, specifically between the ages of 60 and 65, can work part-time while still receiving pensions.<sup>47</sup> Furthermore, the Ministry of Employment launched the ‘senior talents’ campaign in 2009, which focused on ways of ensuring that older individuals remain in the workforce.<sup>2</sup>

## IMPLICATIONS FOR QUALITY OF EMPLOYMENT:

Denmark is expected to rebound quickly from the current economic crisis.<sup>2</sup> This can partly be explained by the role of Flexicurity on employment policies. Some key employment policies tied to Flexicurity's three main components (flexibility, security and active labor policies) involve workplace flexibility, lifelong learning, employment security and workplace equality. However, coping with an aging workforce while maintaining a costly welfare system will undoubtedly be a challenge.<sup>24</sup> Lundvall writes, "Currently a lively debate is proceeding in Denmark under the heading of 'the ageing population and the crisis of the welfare state.'"<sup>25</sup> Furthermore, Denmark is also experiencing a more diverse workforce due to increased immigration. These demographic and social changes will have important implications for Denmark's future employment policies. Some notable considerations for future work policies are:

- Denmark is considered to be a leading country in terms of providing learning opportunities for their workforce; however, ambivalence towards older workers and lifelong learning seems to be a key problem in the Danish workplace.<sup>16</sup> It remains difficult for unemployed older workers to find jobs and age discrimination continues, suggesting that older workers have been the first to be laid off when companies downsize. Jørgensen supports the notion that certain employment sectors (e.g. small and medium-sized enterprises) do not allocate sufficient funds for training their workforces.<sup>15</sup> Thus, these two sectors will require greater systemic focus on continued education. Jørgensen (2007) further emphasizes: "The role of the authorities is to provide a good framework, relevant education programmes of high quality and the necessary incentives to ensure that everyone in the labour market has good opportunities to participate in adult education and continuing training."<sup>15</sup>
- Lack of inclusion remains a problem in the workplace to this day.<sup>48</sup> Indeed, Quraishy states, "The single most discriminated area is however employment opportunities, apprenticeships and the negative views of employers."<sup>48</sup> However, research by Catinét has found that immigrants have fared better than Danes in the recent economic crisis. Unemployment rates rose three times as high among native Danes compared to immigrants during 2009.<sup>49</sup> Furthermore, according to a study carried out among 2000 immigrants in the Danish workplace in 2009, immigrants were positive about their work conditions.<sup>50</sup> These recent

findings may reflect positive outcomes of the Equal Treatment Act of 2008. Yet, with continued globalization and resulting diversification of the workforce, emphasis on inclusionary work policies should remain a key area of focus for Denmark.

- Concerns about the pension system also persist. Currently, the public pension system lacks flexibility; for example, employees are unable to draw partial amounts from the old-age pension or draw earlier than 65 years of age.<sup>7</sup> Ideally, employees should be able to negotiate amounts withdrawn from the pension system, which would facilitate a gradual transition from work to retirement. However, in 2004 it became feasible for workers to delay receiving contributions from the old-age pensions and thereby increase their entitlements. However, it is stipulated that employees must work almost full-time in order to qualify. This could prove difficult for certain groups of people, especially older individuals with more chronic health conditions. Flexibility is greater for occupational pensions in that contributions can be received at the age of 60, or after the age of 65. Furthermore, the employee can work at a different job than that from which the pension is obtained.
- Future employment policies partially rest on the most recent collective bargaining talks that took place in January 2010 focused on maintaining the country's competitiveness in a global market on the one side, while ensuring continued rises in real wages and social conditions on the other.<sup>39</sup> Although the trade unions acknowledge little hope for increased wages, they have emphasized the need for focusing investments on education, research and technology.<sup>39</sup> Specific implications of these talks on labor policies include increased employee security through longer notification periods prior to dismissal as this has become an increasing concern due to the rise in unemployment during the recession.<sup>39</sup>

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Julie Norstrand's area of research is focused on understanding the impact of the social environment on the physical and mental health of older adults. She also has strong research interest in better understanding the relationship between social networks and employment status of older adults.