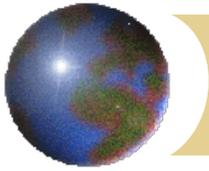


A Danish Fairy Tale?

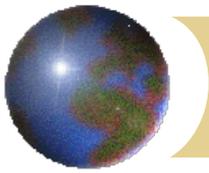
Erling Rasmussen
Prof of Work & Employment
Management Dept, AUT





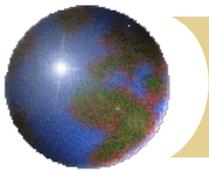
Overview

- ✚ The International Focus on Denmark
 - ✚ Multi-faceted & long historical roots
- ✚ Int. interest is based on 'scoring well'
 - ✚ High in international statistics & surveys
- ✚ Danish economic approach
 - ✚ 'Bumblebee' & Industrial Foundations
- ✚ Danish Model of employment relations
 - ✚ 'flexicurity', collaboration & upskilling
- ✚ **Message:** limited understanding of thinking & embeddedness: economic & ER approach

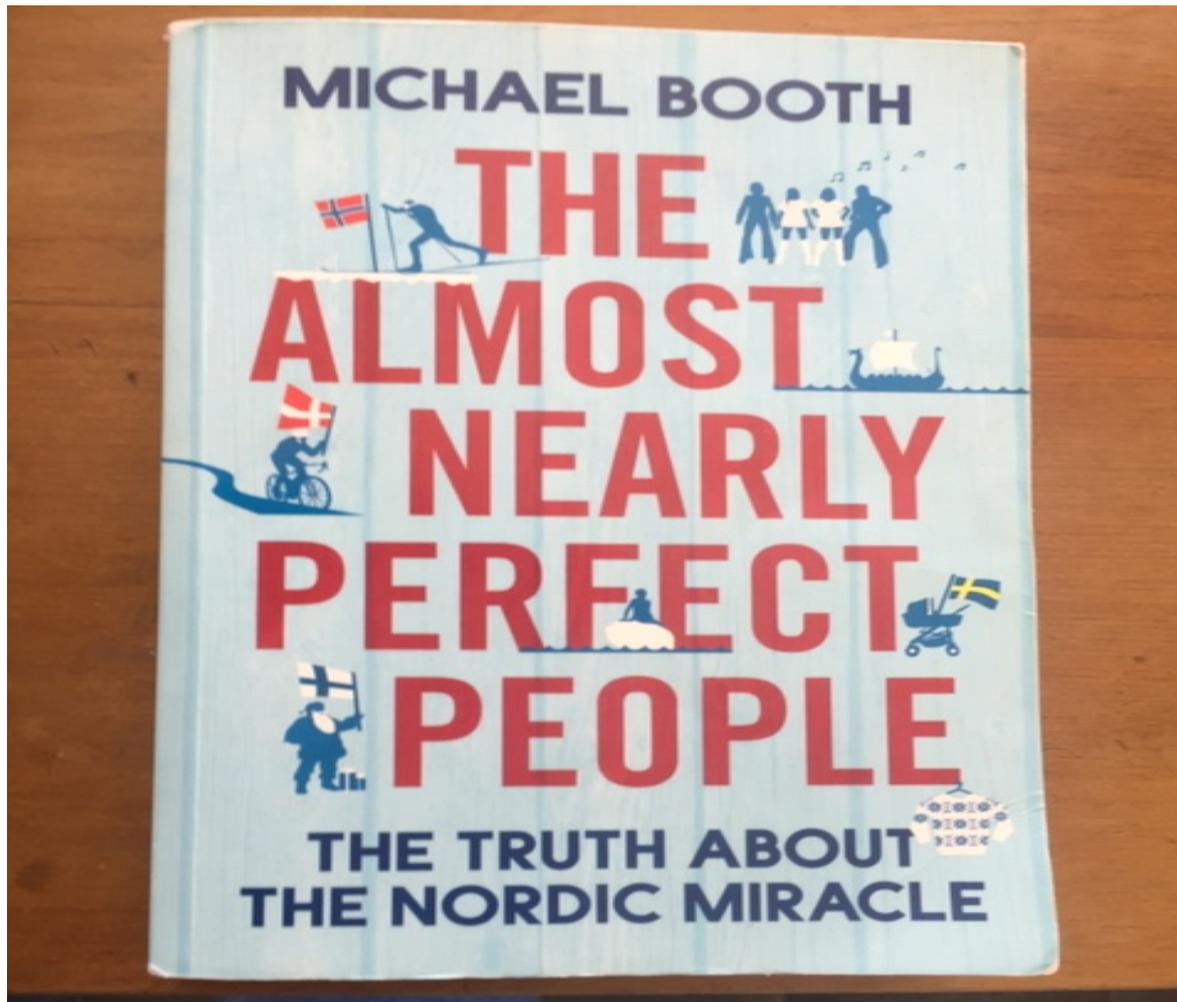


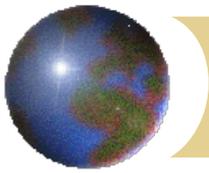
International focus (obsession?)

- ✦ “There was a point in 2012 when it felt as if you couldn’t open a British newspaper or magazine without reading something about Denmark.”
(Kingsley, 2012: 11)
 - ✦ TV & film: eg. see the Killing, Borgen, the Bridge & Rita
 - ✦ Food: from New Nordic Cuisine to Noma or Geranium
 - ✦ Bike cycle culture, urban planning & environmentalism
 - ✦ Welfare state, free education & well-being
- ✦ But this has been a long time coming.....
 - ✦ Think about Jørn Utzon & Sydney Opera House (1957)
 - ✦ PH lamps from the 1920s & furniture designs in the 1950s



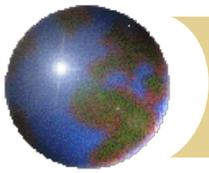
The nearly perfect people????





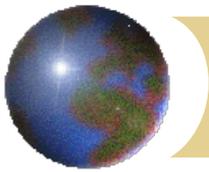
‘Scoring well’ comparatively





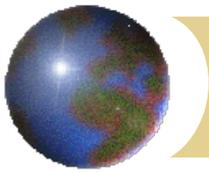
It depends on your viewpoint....!

- ✚ It can be difficult to understand and/or support if you have different point of view or ideological position
 - ▣ Economists see a 'bumblebee economy'
 - How can this fly?
 - ▣ Right-wing politicians see 'socialism'
 - <https://www.youtube.com/watch?v=rJ1gjObNDv8>
 - ▣ Danish commentators focus on 'problems'
- ✚ Danish way of **thinking** is puzzling to many



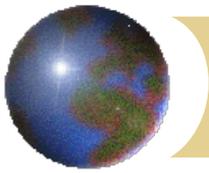
The 'Bumblebee' approach

- ✚ Nordic countries are remarkable successful
 - ✚ BUT they are doing “the wrong things”
- ✚ **“Despite high taxes, high unionization rates, and egalitarian income distribution they demonstrated from the mid-1990s to 2008 that it was possible to improve competitiveness, secure macroeconomic balances, lower unemployment, and engage a high proportion of women, youngsters, and senior people in economic activity, while state institutions played a large role in the economy.”** (Kristensen & Lilja, 2011: vii).



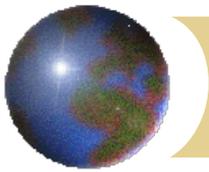
Higher taxes can be positive

- ⊕ “Higher taxes don’t limit economic growth. Instead they facilitate innovation, wealth and Denmark’s international competitiveness.”
 - ⊞ (Prof Jeffrey D. Sachs, Columbia University, New York) *
 - That pays for education, social welfare & high mobility levels
- ⊕ “Inequality hurts economic growth”,
 - ⊞ finds 2014 OECD research (as well as other research)
- ⊕ Danish model of employment relations & flexicurity are intertwined with high union density figures



Low-wage work in Denmark

- ❖ “Here are the basic facts. In 2005, the **incidence** of low-wage work was
 - ❖ 25 percent in the United States,
 - ❖ 22.1 percent in the United Kingdom,
 - ❖ 20.8 in Germany (2004),
 - ❖ 18.2 percent in the Netherlands (2004),
 - ❖ 12.7 percent in France (2002) and
 - ❖ 8.5 percent in Denmark” (Solow, 2008: 6)
- ❖ DK: highest mobility **out of** low-wage work



Denmark has had problems...

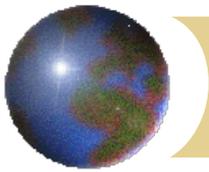
✚ DK: 1970s & 1980s were tough years

✚ Denmark was seeing the “abyss”

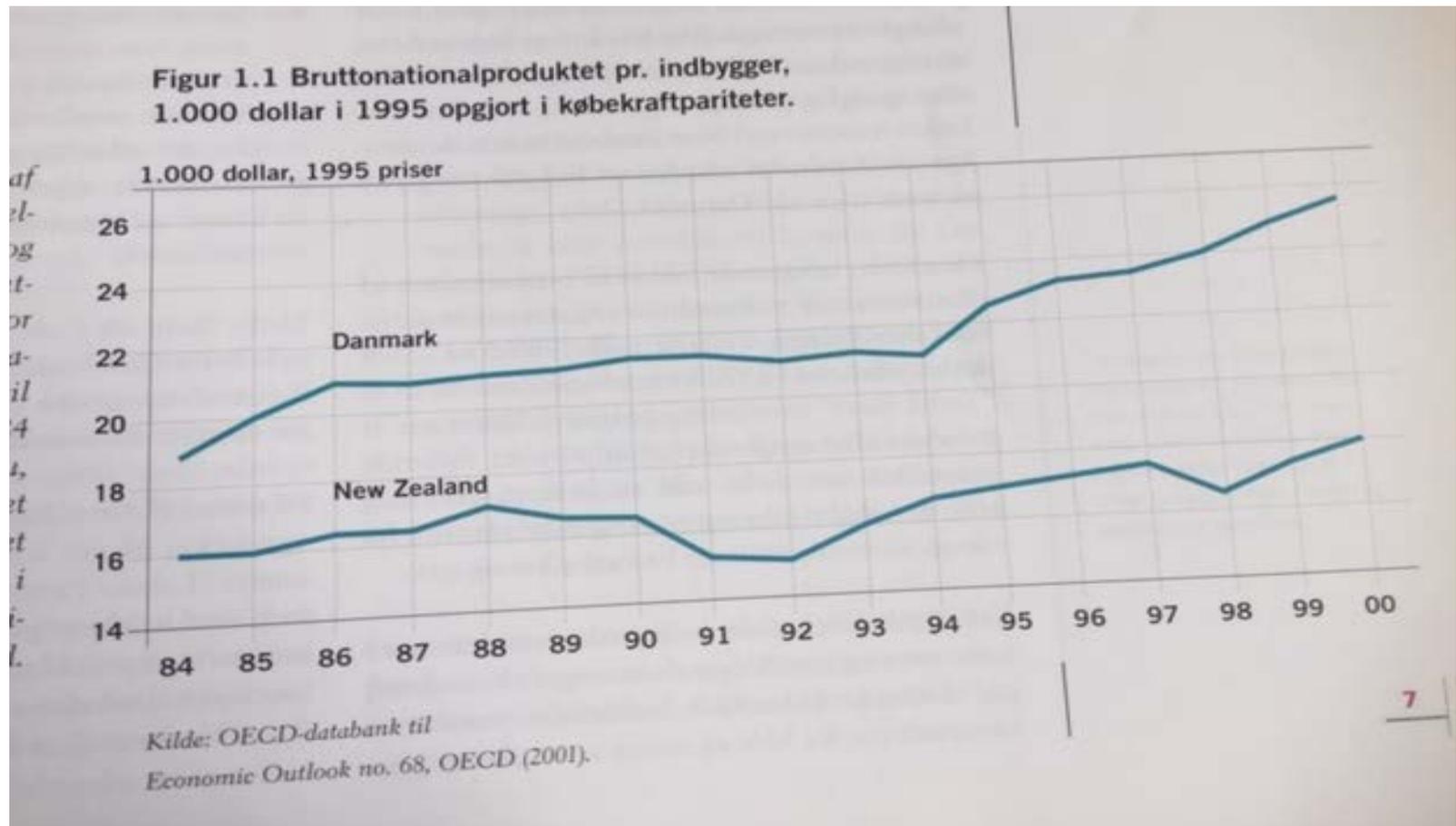
❏ “We have to stop giving ourselves a rise in living standards that isn’t based on our production. If we continue increasing our external debt at the same speed then interest and loan repayments will reach unsustainable levels.” (1979 **)

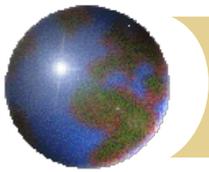
❏ NZ is currently having similar problems

- “Nation of Debt: half a trillion dollars and is still rising...” (Dann, 30-12-2017, NZ Herald)
- “NZ’s foreign debt soars to danger level.” (Fallow, 23-12-2018, NZ Herald)



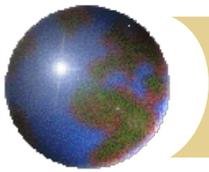
The NZ 'experiment' – 1984-1999





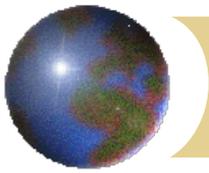
How is the Danish economy doing?

- ✚ Got hard hit by GFC: drop in house prices & government postponed tax cuts & projects
- ✚ Now on level with NZ re: economic activity
 - ✚ Low unemployment & skill shortages
 - ✚ Economic growth & productivity are back on track
 - ✚ Public sectors pressures; greying of population
- ✚ EU is playing a growing part of public policy
- ✚ Constant worries over & fine-tuning changes to economic settings & public policies



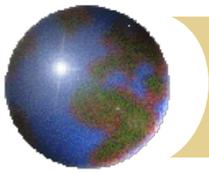
Danish economy is different

- ✚ Danish Industrial Foundations are key features of Danish economic success
- ✚ While there are many Danish SMEs there are also many large firms which, because of DFI structures, can be protected against take-overs & allow economic & ER long-term plans
 - ✚ Industrial Foundation Definition: “has commercial activity or owns one or more business companies.” (Thomsen 2012: 2)
 - They also fulfil the legal requirements specified by Kronke (1988) which emphasise: endowment, altruistic purpose, independence & separate legal identity, foundation organisation & charter, ownership of shares/voting rights in a business company.



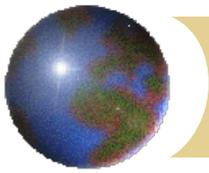
Importance of DIFs

- ❖ Danish capitalism: DFIs are very important
 - ❖ Account for 5-10% of overall economy
 - ❖ Account for 2/3 of C20 stock market index
 - ❖ Control many large firms & groups
 - Maersk (A.P. Møller), Carlsberg, Novo Nordisk, Lego, Chr. Hansen, Lundbeck, Oticon, Coloplast, Cheminova, etc.
 - ❖ Many small foundations: estimated to be >1,400
- ❖ Major funding: science, health, design, art
 - ❖ For ex: A.P. Møller Foundation gave 2.4 Bn DKr to Opera House & 1 Bn DKr to schools; normally 300 M DKr a year



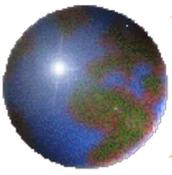
Example: Carlsberg's ownership

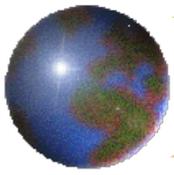
- ❖ Leads establishment of DIFs (1876):
 - ❖ Unusual set-up: dominated by the Science Council
- ❖ Changed foundation regulations several times
 - ❖ Adjusted ownership share to internationalise
 - ❖ Recently, Orkla merger & demerger plus bought - with Heineken - Scottish & Newcastle in 2008
- ❖ ER focus from paternalism to modern HRM
 - ❖ Moving from Brewery to international FMCG firm
 - New types of employees & international executives

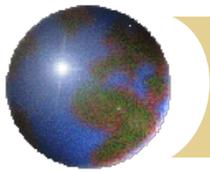


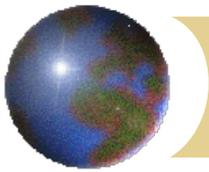
Carlsberg today – a few figures

- ✦ ~40,000 employees
- ✦ Revenue: 62.5 Bn DKr (2018)
- ✦ Net profit: 5.3 Bn DKr (2018)
- ✦ Focus on 3 major regional markets: Western Europe, Asia, Eastern Europe
 - ▣ Top 25 markets provide 75% of volume
- ✦ New Carlsberg City District (Copenhagen)
 - ▣ Mix of residential, offices, retail, culture & sport



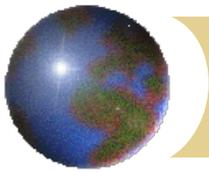






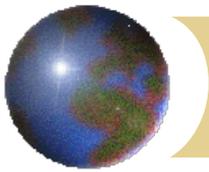
Danish employment relations

- ❖ Voluntarist system, fine-tuned since 1899
 - ❖ Cornerstone: collective bargaining & consensus
 - Most minima are collectively-agreed & enforced
 - Recent CB focus: competitiveness, T&D, pensions, leave
 - Yes, industrial conflicts do happen & can be damaging
 - ❖ Tripartite collaboration: legislation & social support
 - Government 'colour' has a less clear-cut impact
 - Implementation – including employment & training measures – is normally at regional/local/firm level
 - ❖ Later: about channels of employee participation



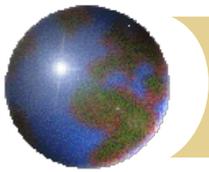
Unions & employers

- ❖ 'Unions': different strategies & tactics in DK
 - ❖ Employer-union collaboration is crucial
 - Bipartism drives & steers tripartism & state interventions
 - ❖ Union density decline & membership changes
 - Free-riding & 'discount unions' are becoming a worry
- ❖ Employers are well-organised & centralised
 - ❖ Effective both internally (discipline) & externally
 - External: versus government & non-organised employers
- ❖ Positive managers' approach to union



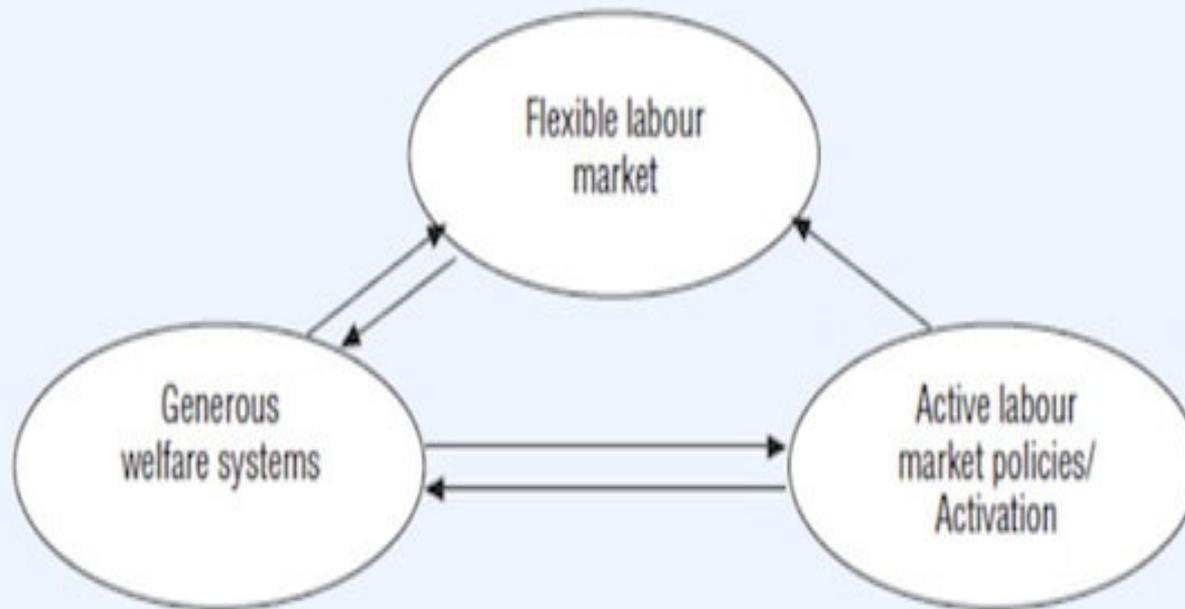
Flexicurity: myth or reality?

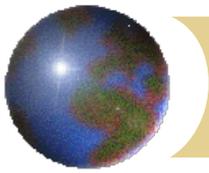
- ✚ Flexicurity: cult status in DK & acclaimed overseas
- ✚ “The Danish “flexicurity” model has achieved outstanding labour-market performance. The model is best characterised by a **triangle**. It combines **flexible hiring and firing with a generous social safety net and an extensive system of activation policies**. The Danish model has resulted in low (long-term) unemployment rates and the high job flows have led to high perceived job security.” (Andersen et al., 2011: 1)
- ✚ Assumes regulation of hiring & firing (not ~ USA)
- ✚ Assumes social safety net & effective activation
 - ▣ Debate: current effectiveness of safety net & activation
- ✚ Assumes a reasonably well-educated labour force



*Flexicurity – an illustration **

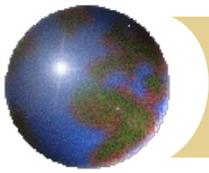
The “Golden Triangle” of flexicurity





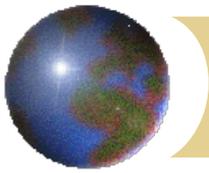
Employee participation channels 1

- ❖ Employee participation structures/channels have a long history & all 4 are well-embedded
 - ❖ Collective bargaining/union representation
 - Link national agreements to workplace behaviour
 - ❖ OHS committees (since 1975 “H&S” Act)
 - Cover workplaces with 20 or more employees
 - ❖ Works councils/co-operation committees
 - Cover workplaces with 35 or more employees
 - ❖ Employee Board Directors (EDs)/representatives
 - Cover firms with 35+ employees, if demanded



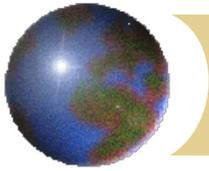
Employee participation channels 2

- ❖ Collective bargaining/union representation
 - ❖ Link: national/industry-regional-workplace
 - ❖ Strong protection & support of workplace reps *
 - ❖ Areas: information & consultation, grievances, local adaption of agreed wages & conditions
- ❖ OHS committees (since 1975 "H&S" Act)
 - ❖ 20+ employees: OHS Committee is mandatory#
 - Meeting at least 4 times a year or as necessary
 - Can have a quite comprehensive brief/participation area
 - Considerable variation across industries & firms



Employee participation channels 3

- ❖ Works councils/co-operation committees
 - ❖ Since 1947; DA-LO Collaboration Agreement
 - ❖ Now in orgs with 35 or more employees or more
 - ❖ Cover most ER & HR issues (outside CB issues)
- ❖ Employee Board Reps/Directors (EDs)
 - ❖ Companies Act 1974 institutes employee directors
 - Ltd firms: at least 2 members but less than half of total
 - Covers all firms with 35+ employees, if employees seek EDs
 - Allows down- & upward dialogue & stakeholder influence
 - Contested position re: openness, independence & 'real' power



Final words.....

- ✚ Danes think and do things differently
- ✚ However, it seems to work

- ✚ QUESTIONS?????