

Empowerment of social dialogue in the trade sector

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by

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Empowerment of social dialogue in the trade sector

Social dialogue within the Danish trade sector

The level of chamber of commerce/HK-privat:

- Negotiating and interpreting the collective agreement
- Solving disputes of the individual's employment contract following a company dialogue

The company level:

- Annual pay negotiations
- Competence fund allocations for education
- Cooperation committee dialogue

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Legal sources:

- General Agreement
- Collective agreements within the trade sector
- Danish statutory law
- EU Charter

Flexicurity issues:

- Flexibility
- Unemployment insurance
- Reeducation and training
- Employment protection

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Flexibility:

General agreement
between DA-LO § 4

Right to manage

EU Charter Art 16

Free enterprise
rights

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Law - unemployment insurance etc.

EU charter Art. 34

Unemployment insurance:

- Low entry barriers
- High compensation
- Two years of benefits
- Strict control of disposal for job openings

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EU Charter Art 14

Law-active labour market policy

Collective agreement

- competence fund
- leave for training

Reeducation and training:

- Unemployed-right and duty to acquire new skills for employment
- Employed-right to education on leave

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Law-unemployment insurance etc.

General agreement and law on employees within the trade sector

Employment protection

- Employer must pay unemployment benefit for the first 3 days
- Protection against unfair dismissal

Confederation of Danish Employers

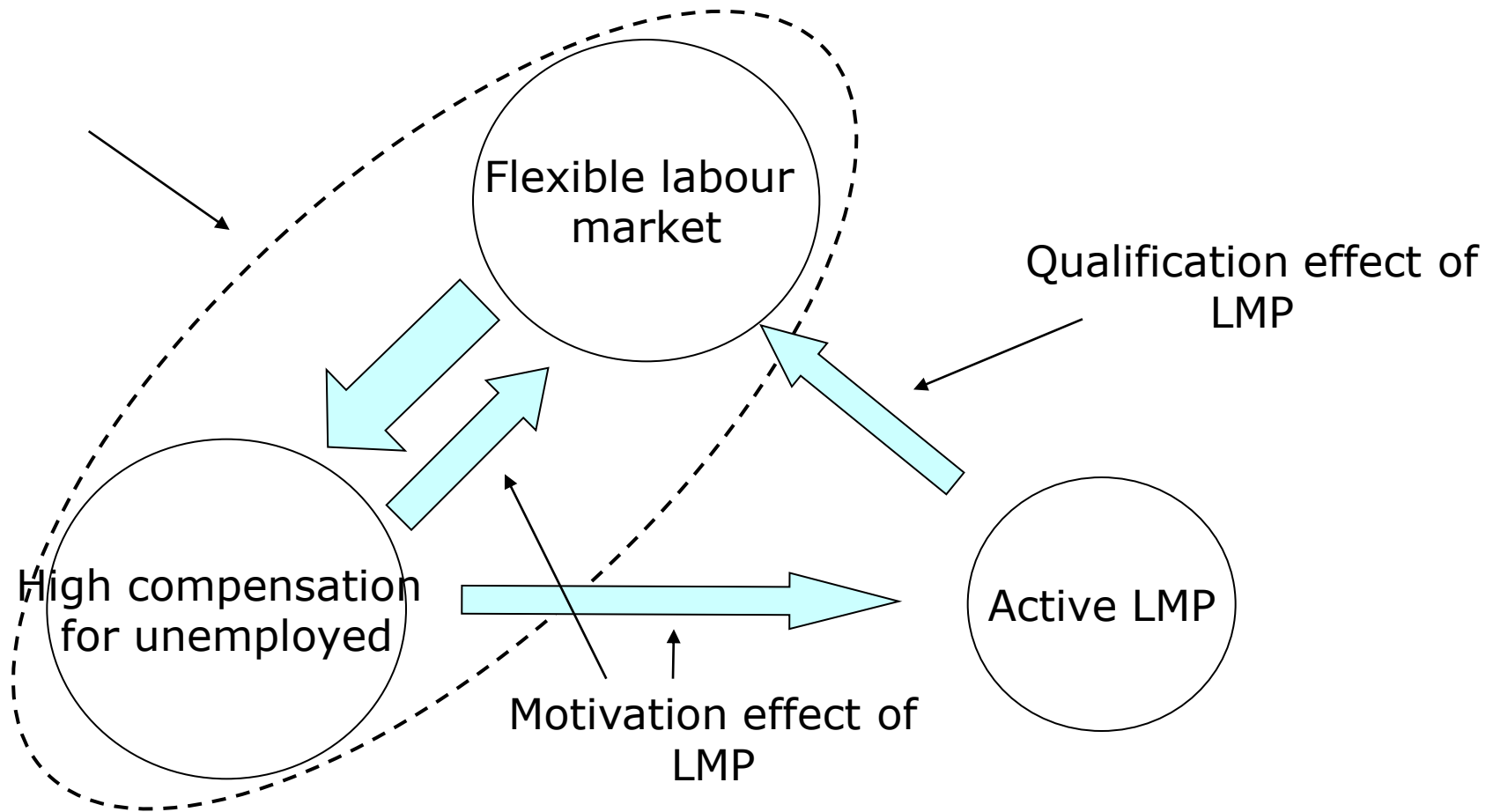
- The umbrella organisation for employers in the private sector in Denmark
- 13 member organisations fx. in areas as industry, building and construction, service, retail, newspapers
- 25.000 enterprises are members
- Covers 50 pct. of private sector employment and 33 pct. of total employment
- Main tasks: political influence in the Parliament, in EU and coordination of negotiation of collective bargaining

Some facts about Denmark

- Around 70 pct. of Danish companies have less than 20 employees - many small and few large enterprises
- Large public sector – around 1/3 of all employees are employed in the public sector
- High level of marginal income- and consumer taxes
- Public guarantee of child care and high employment rate of women
- Good infrastructure for adult training and vocational training
- Flat hierarchy in Danish companies

Danish flexicurity model

“ Danish flexicurity model”



Elements of the Danish Labour Market model

Favours job creation instead of job protection by focusing on:

- A flexible labour market with easy access to both hiring and firing
- A high level of social security
- An active labour market policy – with focus on jobs
- Understanding of mutual interest between the social partners and the government
- Well functioning “rules” for tripartite negotiating
- Common striving for consensus rather than conflict

Mobility - a frame for Labour Market Policy

- **High mobility**

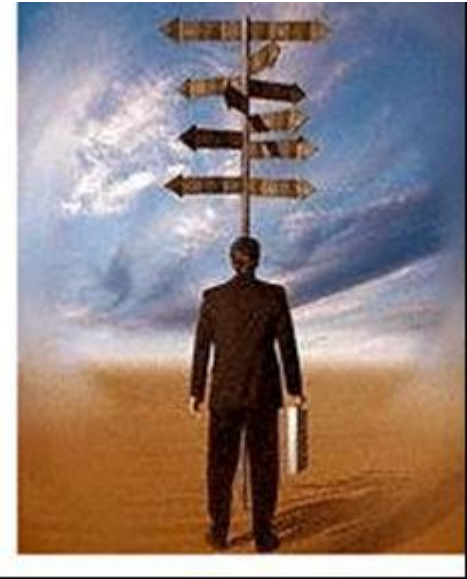
- 800.000 out of 2.8 mill. employees get a new job each year

- **High job turnover**

- 300.000 new jobs each year
- 300.000 disappears each year

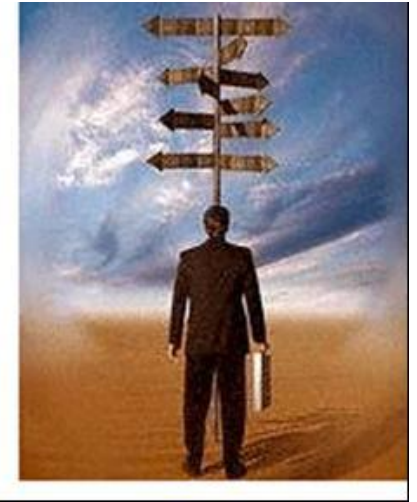
Danish pathways to a mobile labour market

- Mobile and secured rights:
 - occupational pension right
 - educational right
 - Rights to holiday pay
- Right & duty:
 - Strict availability rules
 - Early, targeted employment initiatives
- The Danish system for handling labour disputes
- Individuel Wage Setting



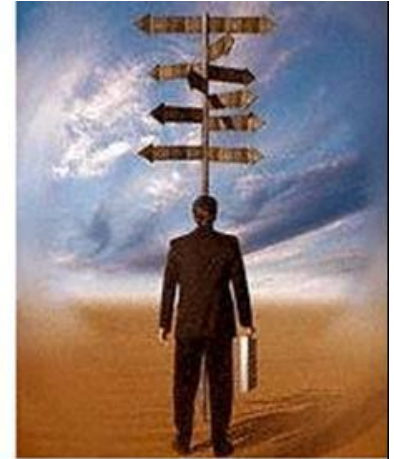
Danish pathways to a dynamic labour market

- Continuing vocational education training
 - Educational competence funds
- Collective agreement: 2 weeks further education during resignation period
- Progressive scheme for foreign workers
- Active labour market policy: Company targeted skill development



Danish pathways to an open labour market

- Individual and varying working time
- Maternity fund
- Dual system in vocational education training
- Partial fitness-for-duty certificate
- Job schemes for immigrants



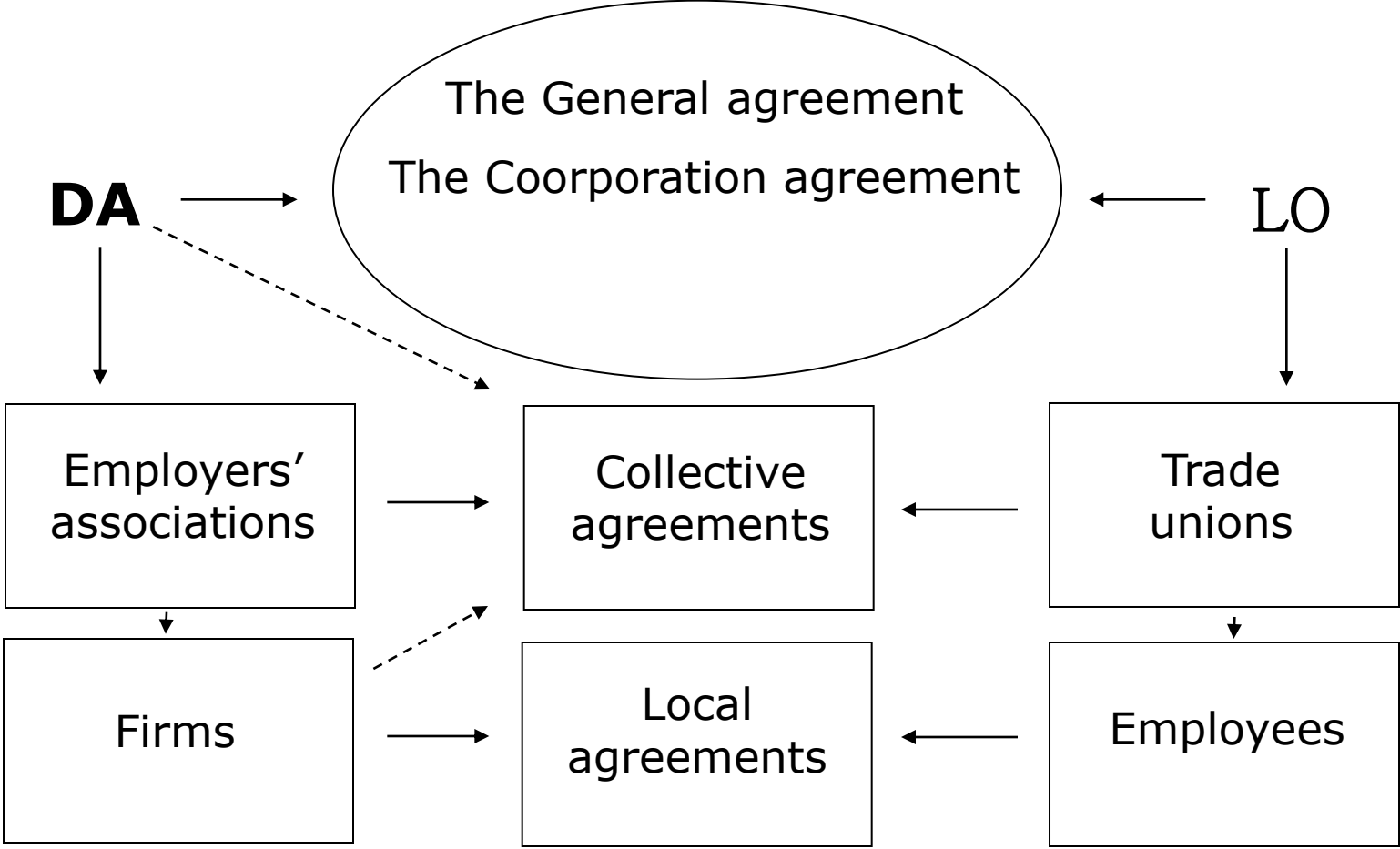
Collective agreements and legislation

- Legislation is built on and in respect of provisions in Collective Agreements
- The Social Partners have the prerogative when implementing EU-Directives

Flexible regulation in Denmark – main themes

- The main principles were established more than 100 years ago
- Industrial disputes are solved by the Social Partners

Collective agreement



Wage flexibility

- Wage negotiations are in the companies – without the right to strike
- The Collective Agreement can include a minimum wage
- No minimum wage decided by law

Workers' rights placed in funds

- not in companies

- Labour market pensions
 - 1989 -> now 12.8 per cent (1/3 employee, 2/3 employer)
- Competence funds
- Maternity leave fund

Job protection is also present in Denmark

	Denmark
"Blue collar worker"	Collective agreement
"White collar worker"	Law
Social obstacles upon dismissal?	None

Dismissals in Denmark – principles

- Employers are entitled to fire a worker, and also to decide who and how to fire
- No regular principle of re-hiring
- Period of dismissal and compensation only according to law or collective agreement
- Dismissals must generally be well reasoned for (compensation only if agreed in advance)

The daily cash benefit system and flexicurity

- Compensation of up to 90 per cent for low-income groups
- Low compensation for high-income groups compared to the rest of Europe
- Benefit periode of 2 years

Reforms of the labour market

- Making work pay – regulation of tax rates and limit on social benefits
- Active labour market instruments are focused on getting the unemployed a job (action plan)
- Right and duty system
- New jobcentre reform – from state to municipalities – one system
- Requalification is based directly on labour market demands
- Pro-active migration rules – Green Card, Job card

Strategic employer interests

- Employment Policy is the third element of the flexicurity model together with income compensation and collective bargaining
- Protection against policy initiatives that restrict companies' flexibility
- Strengthens regulation of wages and working conditions through collective agreements
- Ensure the possibility of dismissal without ties to the job
- Businesses can get people into new and more precarious jobs
- Wage flexibility - benefits sets the base

Policy objective for employers

- A large, skilled and mobile workforce
- Making work pay
- Cost-effective employment system
- Recruitment is usually at ordinary conditions without subsidy
- Wage subsidies may not distort competition
- National responsibility, so there are similar claims throughout the country for unemployed available for work
- Responsibility of authorities for the efforts and achievements
- The social partners have an advisory role

What tasks must be solved?

- Unemployed should have a job as soon as possible
- Enforce the requirement that the unemployed must be available for work
- Supporting a flexible and mobile workforce
- Prevent exhaust from the labor market
- Evidence on the efficacy must determinate the choice of tools
 - Close contact with unemployed motivate job search
 - Education reduces the job search, but can used if it is targeted to specific job
 - Wage subsidies and work experience have the largest effect