

Country:	Denmark
Member/Company	Danish Employers' Confederation (DA)
Initiative	Best practices and policy messages

Overview

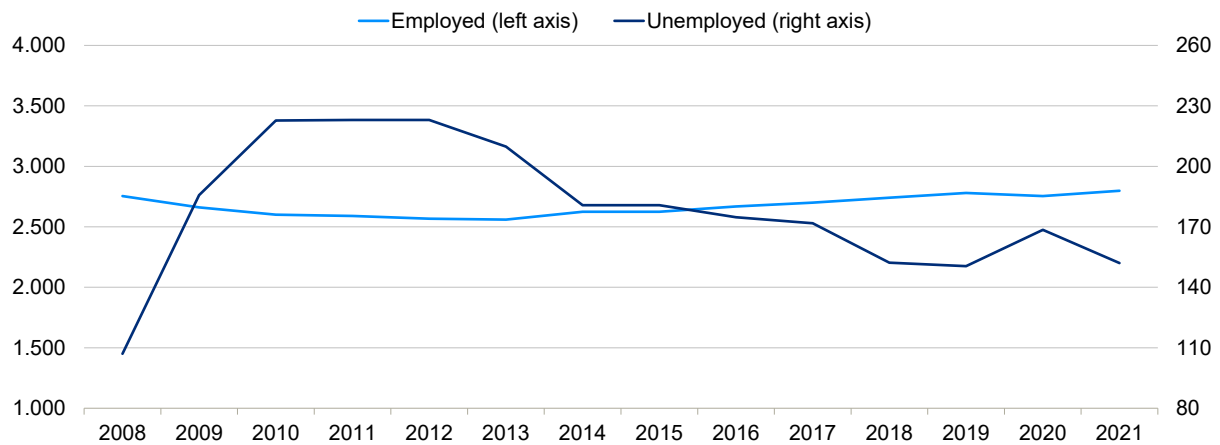
Labour shortages in Denmark

Companies in Denmark face significant challenges due to labour shortages.

In a very short space of time, the Danish economy has had to contend with first the COVID-19 health crisis and now widespread shortages of labour. Employment levels are at record highs, and the effect is clear: companies are facing acute labour shortages. If political initiatives are not taken to increase the supply of labour, companies will have to turn down orders, and Denmark will lose out on growth and jobs.

Figure 1. Rising Employment

Numbers of employed and unemployed, seasonally adjusted, DK, 1000 people



Source: DST and DA's own calculations

Employers in Denmark are calling on politicians to introduce reforms that will boost the structural labour supply and create better matches between companies and workers in the short term.

Specifically, companies are taking independent initiatives to alleviate shortages of appropriately qualified labour and are working with public-sector agencies to boost the supply of people with the most in-demand skills.

Acute labour shortages

In August 2021, DA put forward 29 “fast-acting” proposals to immediately increase the labour supply for private companies.

These included the government slowing down the extraordinarily large increase in the number of public employees and reducing the number of them by 21,000 over the next year.

DA also called on the government to ensure that older people remain in work for longer by increasing the tax free senior premium benefit for people of pension age who continue to work. We are also calling for young graduates to enter the labour market more quickly, e.g. by reducing the level of graduate unemployment benefits and offering incentives to companies that employ and retain graduates from study programmes with high levels of unemployment.

Tripartite agreement on labour shortages

In October 2021, employers, trade unions and the government entered into a tripartite mini agreement. While it is largely positive, it is only a drop in the ocean in terms of solving labour shortages. The politicians now need to come up with solutions that will actually increase the labour supply.

The agreement sets out an initiative aimed at getting young people who do not want to go on to further education into jobs and earmarks money to speed up the system of approving potential recruits from abroad. Although these are positive developments, it is a pity that the agreement does not include stronger measures to ensure that unemployed people only receive benefits if they are available for work.

The Regional Labour Markets (RAR) model

As part of the tripartite agreement of October 2017 on better and more flexible adult, continuing and further education, the parties agreed to closer local coordination and stakeholder involvement in the country's eight regional labour market councils, which are made up of employers' and trade unions' representatives.

The councils' remit is to provide a better overview of labour shortages and strive for a better match between supply and demand for adult, continuing and further education in selected sectors.

Company-driven strategic workforce development to boost demanded skilled labour

This project brought together a group of companies from various sectors that were facing problems attracting skilled labour and encouraged them to remedy this shortfall themselves. The idea was to train unskilled workers and use the jobs this frees up as an opportunity to upskill refugees.

The goal was to be achieved through strategic business and education partnerships, as well as more targeted use of existing public-sector schemes, by upskilling unskilled workers and unemployed refugees to take on skilled jobs for which there is demand.

The project was headed up by the company MidtVask, in collaboration with Aarhus Municipality, Tradium Business School and five other companies (Grundfos, Systemfrugt, Carletti, Pressalit and Hospitalsenhed Midt). Arbejdsmarkedskontoret Midt/Nord, Region Midtjylland, Integrationsnet and LærDansk Aarhus were all also involved. Project method

Based on the companies' organisational readiness and situation, the project sought to develop a business model for each company that made visible the connection between education, training, jobs and growth. The companies coordinated joint training courses.

The actual upskilling consisted of three elements: In-house company preparation, focusing on interaction in the workplace. Two parallel upskilling schemes – one for refugees, comprising Danish language teaching and internships on current local-authority schemes; and one for people already in upskilling programmes, focusing on dyslexia, IT, Danish and diversity. Finally, two parallel two-year industrial operator training courses.

Participants received up-to-date and future-proof vocational training aimed at establishing a strong, in-demand workforce that is extremely attractive to both the participating companies and other companies and sectors. It was also envisaged that the project would boost the participating companies' efficiency and culminate in a functional and reliable business model for each of them, as well as a general business model that could be used all over the country.

We have published the video now! See it here: <http://www.unhcr.org/neu/8205-danish-private-sector-hires-refugees-because-its-good-business.html>

Key Messages

Recommendations to the government

In May 2021, the DA presented a reform package outlining 11 specific proposals aimed at increasing the labour supply by almost 26,000 workers. The initiatives are designed to support economic recovery and give Danish business a good starting point to bounce back from the pandemic.

Three of the most important proposals are: a) lower the minimum gross income for foreign labour, which would bring in more qualified workers from abroad; b) create more full-time and fewer part-time positions in the public sector; and c) help more people transition from the unemployment queue to the world of work.

The current minimum gross income for foreign workers is DKK 448,000. Lowering it to DKK 360,000 would make it easier to attract important international staff to Denmark.

Part-time positions are common in the public sector. Making more of them full-time would free up more hands for the job market. Local authorities have a particularly high proportion of part-time employees.

Benefits claimants need to gain a foothold in the labour market more quickly. One of the ways to make this happen is to ensure that they by the authorities are considered job-ready and receive a correspondingly active measure. People on benefits should actively participate in initiatives aimed at getting them into work. This must be a prerequisite for receiving benefits. As a starting point, the job-readiness of all new claimants should be assessed – as is currently the approach to refugees and other groups.