

University of Berne 2010  
Institute of Political Science  
SNF Project No 100012-119898  
The Privatization of Welfare States: Industrial Relations as a Source of Benefits  
Database Part 2: Social Benefits in Collective Agreements  
<http://www.rebeca.ipw.unibe.ch>  
Project Leader: Prof. Dr. Christine Trampusch

In any work using data from this report, please quote as follows:

Trampusch, Christine/Eichenberger, Pierre/de Roo, Micha/ Bartlett Rissi, Robin/Bieri, Isabelle/Schmid, Laura/Steinlin, Simon (eds.) (2010). *Continuing Vocational Training in Denmark*. REBECA (Research on Social Benefits in Collective Agreements). Database, Part 2 'Social Benefits in Collective Agreements'. SNF-Project No. 100012-119898. Institute of Political Science, University of Berne.

---

## Continuing Vocational Training in Denmark

### 1. Introduction

#### Overview

The public system of continuing vocational training (CVT):

- CVT is based on legislation and social dialogue (within collective bargaining). The economic framework is established by the government, for example the users' contributions for training programs (Jørgensen 2009: The Role of Social Dialogue and Collective Bargaining in the CVT System). It can be said that the state is the provider of CVT, while the sectoral collective agreements establish the right to take up CVT (Jørgensen 2009: Collective Bargaining and Continuous Vocational Training).
- State intervention in CVT began in the 1950s/1960s when the National Labor Market Authority (*Arbejdsmarkedsstyrelsen*) and the vocational training system were founded and changed by a social democratic government. In 1985 (Act on the Labor Market System) and in 1994 the system was reformed (Olesen 1997: Foreword).
- Social partners' influence in CVT has a long tradition (since the 1960s) (Lassen 17.09.2009, interview). Employers and trade unions play a decisive role in creating and initiating CVT programs and giving guidelines for the CVT system. They are usually involved in pre-legislative work on CVT. They are represented in CVT boards at all levels. An example are the 'vocational committees' at national, regional, sectoral and company

level (*faglige udvalg; uddannelseudvalg- og råd*). Furthermore, the social partners are part of the AMU (*Arbetsmarknadsutbildning*, vocational training) bodies and the technical schools which provide CVT (Jørgensen 2009: The Role of Social Dialogue and Collective Bargaining in the CVT System).

- Councils and Committees with social partners' involvement are the following:
  - At national level there is the National Council for Vocational Adult Education and Training (*Rådet for Erhvervsrettet Voksen- og Efteruddannelse*, REVE) which advises the Minister of Education and eleven CVT and education committees (each responsible for a certain labor market sector). These committees continuously analyze new needs for labor market competence, furthermore, they plan new CVT programs. At local level the social partners are part of the boards of institutions that provide CVT, for example at vocational and technical schools and colleges. 'Each institution sets up one or several local education boards for adult vocational training programs directed at specific local job areas, i.e. job areas corresponding to the joint competence description(-s) that the school has permission to provide' (Danish Ministry of Education 2008: 2).
  - The Council on Labor Market Training (*Uddannelsesrådet for Arbejdsmarkedsuddannelser*) is the central training council that is responsible for the CVT programs. For every program (around 2,500), a CVT committee (*Efteruddannelsesudvalg*) is established, including social partner representatives (ReferNet Denmark 2007: 17).
  - The National Labor Market Authority is responsible for identifying the standards for specific training courses in collaboration with the committees and councils. It determines the capacity of the premises for training and ensuring the activities implemented and establishes the distribution of training programs for the sectors (Olesen 1997: Tripartite Cooperation on Continuing Vocational Training).

The role of collective labor agreements (CLAs) in CVT:

- According to Heidemann (1996: 14), CVT is 'part and parcel of the established Danish culture' and regulated through a tripartite social partnership.
- In Denmark (as in the Netherlands), CVT is strongly regulated by collective agreements, and the coverage rates of CLAs on CVT are very high. Furthermore, Denmark (as the Netherlands) is a case of high employer and union commitment to regulating CVT by means of CLAs (Smith/Billett 2006: 3, 5, 8).
- The Danish sectoral CVT funds are established by clauses in the collective bargaining agreements, and the collective bargaining process determines the goals and means of financing the funds (CEDEFOP 2008a: 44).

- The role of CLAs on CVT shows three main features:
  - First, CLAs provide a framework and provide recommendations on instruments for CVT at company level.
  - Second, the opportunities for participating in CVT have been improved.
  - Third, training funds and funds pools target CVT activities in certain sectors (EIRO 1998: Collective Bargaining and Continuing Vocational Training).
- The 1991 Industry Agreement (*industries overenkomst*) was the first agreement to establish the right on CVT. But it had mostly the character of a declaration of intention (Jørgensen 17.09.2009, interview). Only since the Industry Agreement (*industries overenkomst*) 2007 the right constitutes a “formal” right to 14 days of publicly financed CVT (Lassen 17.09.2009, interview).
- The sectoral training funds (STFs) are established through collective agreements. They are part of the overall agreements, for example the Industry Agreement (Lassen 17.09.2009, interview). The implementation of bilateral funds introduced the principle of co-financing the right on training and, implicitly, a joint responsibility of the employer and employee. The aim of this development was the augmentation of social partners’ responsibility (CEDEFOP 2009: 22).

## **Levels of Bargaining**

- DA and LO negotiate basic agreements at national level. The basic agreements are a framework for the CLAs at sectoral level and they have a longer elapsed time. The basic agreements establish procedural rules such as the right to organize, peace obligations or the handling of unjust dismissal (EIRO 2007: Industrial relations processes).
- Within this framework, the bulk of the collective bargaining on salaries, working time, and working conditions occurs at sectoral level.
- The sectoral CLAs, on the other hand, are used as a comprehensive framework which is implemented at company level (EIRO 2007: Industrial Relations Processes).

## **Actors**

The following trade unions play an important role in collective bargaining on CVT:

- the Danish Confederation of Trade Unions (*Landsorganisationen i Danmark*, LO): The LO is the largest national trade union confederation in DK and the most representative organization in the public and private sector (1.5 mio. members in 2000) (Nielsen 2005: 19),
- the General Workers’Union in Denmark (*Specialarbejderforbundet i Danmark*, SiD),
- the Financial Services’ Union (*Finansforbundet*, FF),

- the Union of Commercial and Clerical Employees (*Handels- og Kontorfunktionærernes Forbund*).
- The Central Organisation for Industrial Employees' (*CO-industri*): *CO-industri* has 12 affiliated trade unions: Danish Metalworkers Union, General Workers Union in Denmark, Women Workers Union in Denmark, Union of Commercial and Clerical Employees/Industry, Danish Association of Professional Technicians, Danish Telecommunication Workers, Danish Union of Electricians, The Timber Industry and Construction Workers Union in Denmark, Danish Union of Plumbers and Allied Workers, Danish Union of Restaurant Workers, Danish Union of Painters, Danish Union of Workers in Service Trades (*CO-industri* 2009a: The Trade Union Structure).

On the employers' side, the following employers' organizations are involved in CLAs on CVT:

- the Confederation of Danish Employers (*Dansk Arbejdsgiverforening*, DA): the DA is very powerful because all CLAs have to be approved by its managerial board and it decides as well whether member associations can take action regarding CLAs (EIRO 2007: Main Actors). The DA is composed of 13 employers' organizations and represents more than 29,000 private companies in DK (Nielsen 2005: 22);
- the Danish Contractors' Association (*Entreprenørforeningnen*);
- the Danish Employers' Association for the Financial Sector (*Finanssektorens Arbejdsgiverforening*, FA);
- the Danish Commerce and Service (*Dansk Handel & Service/DHS*);
- the Confederation of Danish Industries (*Dansk Industri*, DI).

## Critical Junctures

Definition: Critical junctures are years or time periods when important decisions on the development of the collectively negotiated CVT scheme were made.

There are two critical junctures:

- In the 1991 Industry Agreement (*Industriens Overenkomst*), CVT appears for the first time in a collective agreement. The issue of CVT was therefore not left to the government and legislation (Jørgensen 17.09.2009, interview).
- The Industry Agreement 2007 (*Industriens Overenkomst*) established a formal individual right on CVT with the Competence Development fund (for details see structure/organization). The agreement increased the financial influence of the social partners in the system. Nevertheless, CVT is still mostly publicly financed (Jørgensen 17.09.2009, interview; Lassen 17.09.2009, interview).

## 2. Important Collective Agreements (Examples)

- The 1991 Industry Agreement (IA 91) between the employer organizations and unions provides regulations in the field of training and education. It was an important breakthrough for CVT in CLAs in the private sector, as most trade unions had so far seen CVT as a tax financed state responsibility (Jørgensen 17.09.2009, interview). The CLAs did not cover all employees at this stage; they primarily covered semi-skilled and skilled workers in the private sector. This agreement entitled 700,000 to 1 million employees in the private sector to one week of relevant technical training (the 'right to freedom to training'). In order for this right to be ensured it *needed* to be ensured in an enterprise level agreement (Olesen 1997). The IA 91 was the first CLA to establish this right. The IA 91 on CVT had mostly the character of a declaration of intention. The social partners wanted CVT with the aim to strengthen competitiveness (Jørgensen 17.09.2009, interview). It was the starting point of the involvement of the social partners in the financing of CVT, but the idea behind it was to 'develop purposes' (industrial relations at workplace level) and not training directly. CVT itself did not play a great role and was only one part of it. It was therefore not a big change in the financing of CVT, and the system was still publicly funded. Thus, the impact was only marginal (Lassen 17.09.2009, interview).
- In the 1993 Industry Agreement, CVT was introduced as a special clause for the first time in Denmark. It has continuously been included in that manner in industry agreements since (CEDEFOP 2008a: 44).
- The Industry Agreement 1995-1998 (*Industriens Overenkomst 1995*) was concluded between DI and CO-industri. It recommends systematic vocational planning for the employers. A vocational training committee was established for analyzing the qualifications and planning CVT (EIRO 1998: The Private Bargaining Area).
- The 1999 Industry Agreement (*Industriens Overenkomst*) was concluded between DI and CO-industri. It contained the introduction of the industry sector training fund (CEDEFOP 2008a: 48)
- The 1997-1998 agreement in the building and construction sector was concluded between the Danish Contractors' Association and the General Workers' Union in Denmark (EIRO 1998: The Private Bargaining Area).
- The agreement in the commerce sector (no year specified) was concluded between Danish Commerce and Service (*Dansk Handel & Service*, DHS) and Union of Commercial and Clerical Employees (*Handels- og Kontorfunktionærernes Forbund*).

- The Industry Agreement 2004-2007 (*Industriens Overenkomst 2004*) contains several CVT provisions. This agreement covers 220,000 workers in Danish industry. See sections 6 and 7.
- The Collective Agreement for Salaried Employees in Industry 2004-2007 also regulates CVT (see section 6 and 7).
- The Industry Agreement 2007-2010 (*Industriens Overenkomst 2007*), the CLA in the manufacturing industry, was concluded between DI and CO-industri and settled in February 2007. It introduced a fund for educational purposes, which means a CVT fund (Jørgensen 2007b: Provisions of the Agreement).
- The other sectors of the economy waited to finalize their negotiations which were taking place under the umbrella of the LO and the DA, until the agreement in the manufacturing sector had been signed first. It is a seminal agreement (Jørgensen 2007b).
- The 2008 CLA for banks and mortgage lenders was concluded between the FF and the FA in February 2008 (Jørgensen 2008: Collective Agreements in the Financial Services Sector).

### **3. Important Sectors**

- There are CLAs on CVT in all sectors (Jørgensen 17.09.2009, interview).
- The industry sector is the biggest sector and is trend-setting concerning collective bargaining issues such as CVT or wages (Jørgensen 17.09.2009, interview). The concluding social partners are namely the Confederation of Danish Industries (*Dansk Industri*, DI) and the Central Organisation for Industrial Employees' (CO-industri) (Jørgensen 2007b).
- CVT is also part of other CLAs, for instance in the service and commerce sector, in the construction sector, in agriculture and in the financial sector. But they more or less reflect the provisions from the industry agreement. (Jørgensen 17.09.2009, interview).
- In 1993, a nation-wide industrial agreement (*Industriens Overenskomst*) was negotiated by CO-industri and DI. This CLA substituted five former sectoral CLAs including the CLA for the metal industry. This agreement included the whole Danish manufacturing industry except the textile and graphical sectors (CO-industri 2009b: The Structure of Agreements).

## 4. Structure, Organization, and Mode of Administration

The special education funds that have been established in a number of sectors from the mid 1970s on were mainly used for experimental and developmental activities. Only to a limited extent they were used for financing wage compensation measures in relation to the participation of employees in CVT (Olesen 1997: Training funds, 6).

The STFs are mainly regulated through the collective bargaining process. They are run by bipartite boards with an equal number of representatives from employee and employer side. The partners define the strategy and activities of the fund. The educational funds are called *uddannelsesfonde* and the competence development funds called *kompetenceudviklingsfonde* (CEDEFOP 2008a: 44-45).

- The Industry Sector Training Fund (*industries uddannelsesfond*) was founded in 1999 through the collective industry agreement signed by *CO-Industri* and *Dansk Industri* as a result from the fusion of two previous industry training funds. Entitled to an application for resources are companies contributing to the fund, educational institutions and individuals associated to the Danish industry sector. The fund grants about EUR 2.7 million yearly. (CEDEFOP 2008a: 48-49) The main goals pursued by the fund can be summarized as follows:
  - developing an appropriate training supply for Danish industry and enhance the educational level of its employees;
  - granting broad financial support to development projects, including accomplishment of special pilot CVT courses for employees;
  - arranging conferences and other activities on the future educational needs of Danish industry and its sectors;
  - carrying out special pilot projects to provide experiences and knowledge about new training possibilities;
  - initiating and granting financial support for relevant study trips in Denmark and abroad;
  - providing financial support for other activities that may support Danish industrial employment in general.
- The Industry Sector Training Fund is managed bipartitely, namely by a bipartite body that consists of ten members (five appointed by *CO-Industri* and five by *Dansk Industri*). Thus, as in all Danish STFs, the social partners are equally represented. The body meets two or three times a year and takes decisions on issues such as resource allocation (CEDEFOP 2008a: 48).
- The Competence Development Fund of Industry (*Industriens Kompetenceudviklingsfond*) was established by the Industry Agreement 2007 (*Industriens Overenkomst 2007*) by *CO-industri* and *Dansk Industri* to CVT.

- This fund has been active since 1<sup>st</sup> April 2009 and covers all employees in the DI member companies (Jørgensen 2007b: Provisions of the Agreement). It is used to finance the employees' wages while they are in continuing training during two weeks (Jørgensen 2007a: Innovative Aspects of Agreement).
- The fund coexists with the Industry Sector Training Fund (established in 1999) and is expected to change the shape of Danish STFs (CEDEFOP 2008a: 49).
- The most important change of this agreement was the establishment of an individual right on CVT for employees (Lassen 17.09.2009, interview).
- The competence development fund should allow for a more flexible and proactive CVT system as it initiates a delocalization of CVT. Due to this fund employees can get relevant skills and competences for a different job or sector and do not have to agree with the employer on the content of the training, as it is the case in the industry sector training fund (CEDEFOP 2008a: 49).

## **5. Role of the State: Financial Support, Legislation and Extension**

- CVT measures are mainly financed by the state. This has been a result of governments with different ideologies, all willing to finance CVT. The CVT courses are usually free of fees for the participants. Companies pay a small contribution per participating worker, which amounts to a maximum of 100 EUR per participant and week (CEDEFOP 2008a: 43).
- The state financing of CVT is supplemented by payments of the participants (Jørgensen 2009: The Funding of the CVT System). In 2004, the public expenses for CVT were 5 billion DKK. 2.7 billion DKK were the costs for the operation and reimbursement covered 1.6 billion, whereof 1 billion were employer contributed through the AER (*Arbejdsgivernes Elevrefusion*, the Employers' Student Reimbursement Scheme). This scheme was established by law (for more information see IVT report Denmark). 0.7 billion were financed via user payment. With the Employers' Student Reimbursement Scheme the state wanted to create public incentives to support private investment in CVT, so that a certain part of the private investments in CVT get reimbursed by the state (Jørgensen 2009: Main Features of the National Continuous Vocational Training System).
- The legislative framework for the CVT system is the Act on Open Education, the Act on Universities and the Act on Adult Vocational Basic and Further Training. They do not establish an individual CVT right (Jørgensen 2009: Main Features of the National Continuous Vocational Training System).

- In general, CLAs cannot be extended to employers that have not signed the agreement (Nielsen 2005: 16).
- Concerning the Labor Market Education Centres (AMU-centres) or technical schools, the state provides the teachers and the schools and pays the training, while the right to take up CVT is established in the CLAs (Jørgensen 17.09.2009, interview). The social partners sit in the boards of the schools and influence the content of the courses etc. These schools provide courses for initial and continuing vocational training (Lassen 17.09.2009, interview). This division is due to the fact that the social partners regulate almost all employment relations on the labor market. Otherwise, CVT would be legislated and the employers and employees would not have any influence on the matter (Jørgensen 17.09.2009, interview).
- There are neither tax deductions nor lower taxations for CVT expenditures (CEDEFOP 2009: 19) in Denmark, but as in Austria and Finland, there are some ways of reimbursement or subsidies (CEDEFOP 2009: 19).

## **6. Financial Structure of the Collectively Negotiated Schemes**

- CVT in Denmark is financed by the state and sectoral bilateral funds that are agreed collectively (CEDEFOP 2009: 20).
- Companies contribute to the funds in Denmark: on the one hand, by a fixed amount per employee per year (between 7.3 and 69 EUR), and, on the other hand, by paying a defined percentage of each hourly wage per employee per year (CEDEFOP 2008a: 46).
  - For example, in the Industry Agreement 2004-2007 the social partners agreed as follows: Clause 35, Subclause (1): “To the training funds established by the parties the employer shall pay DKK 0.35 per hour (DKK 0.385 from 1 January 2005) for the workers employed by the enterprise who are covered by this Agreement”.
  - And in the Collective Agreement for Salaried Employees in Industry 2004-2007 they agreed: Clause 22, Subclause (1): “To the training funds established by the parties the employer shall pay DKK 0.35 per hour and with effect from 1 January 2005 DKK 0.385 per hour for the employees employed by the enterprise and covered by this Agreement. The payment commitment shall also apply in the case of local agreements and accession agreements within the scope of this Agreement.”
- Although we have to stress that the sectoral CVT funds are less important in Denmark for subsidizing and providing training (than, for example, in the Netherlands), the Danish funds according to CEDEFOP (2008a: 46) have been an important factor in uniting social partners on CVT related issues.

- Once a company has joined the CLA regulating the STF, the company is forced to contribute to the fund (CEDEFOP 2008a: 45). From a financial perspective the STFs do not have a great impact on the CVT system. The public sector covers most CVT costs. Courses are normally free for participants and the companies only contribute a minor fee (CEDEFOP 2008a: 43). STF contributions support the development and the testing of sector training programs and are not involved in the direct financing of courses. Through the research activities and the development of new courses the demand for CVT of the specific sectors can be optimized (CEDEFOP 2008a: 43). Only in very few cases the STFs provide and subsidize the training for employees themselves (for example the press training fund that concedes money to employees) (CEDEFOP 2008a: 46).
- A vocational training fund was established in 1973 to develop continuing training in the industry sector. Every employer pays a contribution of DKK 0.27 per hour for those employed at the company (EIRO 1998: The Private Bargaining Area, 4). It was the first vocational training fund in the industry sector (Jørgensen 17.09.2009, interview). Today, this fund has no real effect anymore (Lassen 17.09.2009, interview).
- According to CEDEFOP (2008a: 43), there exists a specific fund for financing CVT of trade union representatives at company level. Following the 1973 agreement between the Confederation of Danish Employers and the Danish Confederation of Trade Unions the employers pay 0.02 EUR per working hour to the fund. For us it is not clear whether this is the same fund than the fund mentioned above.
- The Agreement in the Building and Construction Sector 1997-1998 established a vocational training fund to which companies pay an amount of DKK 0.10 per hour for those employed at the company (EIRO 1998: The Private Bargaining Area).
- Competence Development Fund of Industry:
  - To this fund, that has been established by the Industry Agreement 2007, the employers pay 35 EUR per employee each week, increasing to 70 EUR over the agreement period 2007-2010 (Jørgensen 2007a).
  - Companies with more than 100 employees are allowed to establish their own internal fund provided that an education committee is initiated with employee and employer representatives (CEDEFOP 2008a: 49).
- Table 1 gives an overview on the sectoral training funds in Denmark (employees covered and contributions).

*Table 1 STFs in Denmark*

<i>Collective Agreement</i>	<i>Number of Employees</i>	<i>Contribution per Year (normally by employers)</i>	<i>Year</i>
DI/CO-Metal	100,000	1.3	1983
DI/SiD/KAD	40,000	0.3	1987
DA/BKA/HK	26,000	0.4	1991
FA/DBL	42,000	0.27	1991
FA/DBL	42,000	0.87	1997
FA/DSFL	8,000	0.13	1977
Plastind./KAD/SiD	12,000	0.27	1987
ELFO/Dansk Elforbund	11,000	0.13	1991
DI/ Dansk Elforbund	10,000	0.13	Before 1991
VA/SiD	...	0.12	Before 1991
Dansk VVS/Metal/Blik og Ror	6,500	0.13	1983
DA/SiD	15,000	0.09	Before 1991

Source: Olesen 1997; according to CEDEFOP 2008a (there is no updated information available).

In sectors in which training funds had been created before 1991, the CLAs of 1991 led to increasing payments to the funds. Examples are the funds of the Confederation of Danish Industries (DI), the Central Organization of Metalworkers in Denmark (CO Metal), the Confederation of Danish Industries (D), the General Workers Union in Denmark (SiD), and the Women Workers Union in Denmark (KAD), where the increase added up from 5 to 7 ore per worked hour (Olesen 1997: Training Funds).

## **7. Benefits and Measures of the Collectively Negotiated Schemes**

- The types of CVT initiatives introduced by collective bargaining are:
  - on the job training by mentors (e.g. for immigrants),
  - off the job courses, which for some part can be individually chosen,
  - workshops in connection with collective redundancies,
  - short two-weeks training leaves,
  - special on the job training plans, etc. (Jørgensen 2009: Collective Bargaining on CVT).

- Within the 1991 Industry Agreement (*Industriens Overenkomst 1991*), the ‘right to freedom to training’ was introduced as one week of paid education (CEDEFOP 2008a: 44).
- Within the Industry Agreement 1993 (*Industriens Overenkomst 1993*), the ‘right to freedom of training’ was extended to two weeks of paid education. Furthermore, CVT was included as a special clause (CEDEFOP 2008a: 44).
- The Industry Agreement 1995-1998 (*Industriens Overenkomst 1995*) includes that if an employee is requested to undertake CVT and is eligible for an allowance from the state, he receives his normal salary and the allowances are paid to the company (EIRO 1998: The Private Bargaining Area). Furthermore, employees that have been employed for nine months at the company are entitled to two weeks vocational training per year and the content has to be company related (EIRO 1998: The Private Bargaining Area).
- The agreement in the building and construction Sector 1997-1998 provides for CVT up to two weeks at a normal salary if the social partners agree at company level on a benefit for the employee to participate. The employee is eligible to one week of vocational training per year after being employed over nine months at the company. The content has to be directly company related (EIRO 1998: The Private Bargaining Area).
- The agreement in the commerce sector establishes that employers have to pay the participation regarding the course and the income reduction for employees that have been employed for over 2 years. It is not covered by public funding. Employees that have been employed for minimum 6 months are eligible to one week of vocational training per year without payment (EIRO 1998: The Private Bargaining Area).
- The Industry Sector Training Fund (*industries uddannelsesfond*) established through Industry Agreement 1999 (*Industriens Overenkomst 1999*): Entitled to an application for resources are companies contributing to the fund, educational institutions and individuals associated to the Danish industry sector. The fund grants about EUR 2.7 million yearly (CEDEFOP 2008a: 48-49).
- Industry Agreement 2004-2007. Some benefits regulated in the agreement:
  - Clause 43, subclause (1): “The organisations agree to work on providing the workers in the individual enterprise with the necessary continuing training in order in this way to strengthen competitiveness.”
  - Clause 44, subclause (1): “Where a worker participates in training activities as part of the planning of training activities in pursuance of clause 43 or as decided by the enterprise, the worker shall receive his normal wages excluding any premiums and allowances. Any allowance for loss of earnings shall be paid to the enterprise.”
  - Clause 44, subclause (2): “After nine months of employment, however, the individual worker shall be entitled to time off for at least two weeks every year for such continuing

training as is relevant to the enterprise, placed with due account being taken of the requirements of the enterprise's production."

- Clause 46, subclause (1): "The organisations agree that the workers shall be allowed the necessary time off for supplementary training at their own option, having due regard to the requirements of the enterprise's production."
- Some benefits regulated in the Collective Agreement for Salaried Employees in Industry 2004-2007:
  - Clause 21, subclause (1): "Employees shall be entitled and obliged to participate in competence development adapted to the conditions at the individual enterprise in order in this way to strengthen competitiveness and the development possibilities of the employees."
  - Clause 21, subclause (3): "General, updated job-relevant education is a prerequisite for the maintenance and development of vocational qualifications in line with the technological development. It is the individual employee's personal responsibility and the duty of the enterprise to help ensure that general job-relevant education forms part of the training planning. More detailed rules for participation in general job-relevant qualification may be agreed at local level."
  - Clause 21, subclause (5): "Employees covered by this Agreement, who have been employed by the enterprise for at least three years and who are dismissed due to restructuring, cutbacks, close-down of the enterprise or any other matters at the enterprise, shall be entitled to attend a relevant course. The duration of such course shall not exceed two weeks, and the cost of course participation and any loss of pay during the course period shall be covered by the employer to the extent the costs are not covered by public authorities or somebody else. Where such course participation cannot take place during the period of notice, the person concerned shall be entitled to attend such a course on the same conditions within three months after his resignation if the person concerned is still looking for a job. However, these rules shall not apply to employees who at the time of resignation are entitled to voluntary early-retirement benefit, pension from the employer or from public authorities."
- The Competence Development Fund of Industry established through the Industry Agreement 2007 (*Industriens Overenkomst 2007*) recommends that 'a systematic education plan for the employees of the company is accomplished'. The specific types of CVT that is needed will be decided the 'education committee' (at the company level) (Jørgensen 2009). The agreement does provide for two weeks of training being paid at 85 per cent of their wage, freedom to choose their training program, which does not necessarily have to be relevant for the company, but should relate to the sector of the manufacturing industry as a whole (Jørgensen 2007b).

- The Agreement for banks and mortgage lenders 2008 (no original name found) states that it is necessary to clarify the employees' qualifications, followed by a schedule for CVT for each employee (Jørgensen 2008).

## 8. Coverage Rates of the Collectively Negotiated Schemes

- A recent CEDEFOP survey of training enterprises notes that in Denmark more than 25 per cent of the training enterprises report the existence of a national or sectoral agreement on CVT (CEDEFOP 2010: 51-2). However, the numbers should be interpreted carefully because this does not mean that firms are covered by the CLAs but only that they know about it (CEDEFOP 2010: 51).
- Practitioners and scholars act on the assumption of 100 per cent coverage in the public sector and 77 per cent in the private. This leads to the conclusion that 85 per cent of the Danish workers are covered by CLAs on CVT (Jørgensen 2009: Collective Bargaining on CVT).
- According to CEDEFOP (2008a: 45), in Denmark about 1,000 CLAs regulate CVT.
- Table 2 gives an overview on employees covered by sectoral training funds.

*Table 2 Employees' Access to Danish STFs (2008)*

Private Sector	Collective Agreement	Employees Covered by CLAs (%)	Number of Employees, Total (With and Without CLAs)
<b>Trade, Industry, and Other</b>			
Related Services	LO/DA	90	740 000
<b>Finance – Financial</b>			
Institutions	Finansforbundet/FA	91	65 000
Agriculture	LO/SALA	84	38 000
Other Sectors	...	50	621 000
Total	...	73	1,464,000

Source: DA 2009.

- The Industry Agreement 1995-1998 (*Industriens Overenkomst 1995-1998*) covers 200,000 employees (EIRO 1998: The Private Bargaining Area).
- The agreement in the building and construction sector 1997-1998 covers 30,000 workers (EIRO 1998: The Private Bargaining Area) (only absolute numbers).
- The agreement in the commerce sector covers 100,000 employees in the commerce sector (EIRO 1998: The Private Bargaining Area).
- The Industry Agreement 2007 (*Industriens Overenkomst 2007*) covers 250,000 employees, namely all employees in a member company of DI (Jørgensen 2007b).

## **9. The Politics around the Collectively Negotiates Schemes**

### **Linkages to Public Reform Policies**

We have not found any evidence.

### **Linkages to Wage Agreements and Wage Policy (e.g. Wage Restraint, Tripartite Agreements), and other Agreements**

- As CVT is part of the overall sectoral CLAs, negotiations about wage policy is taking place at the same time. According to Lassen (17.09.2009, interview), therefore, the two issues are linked with each other.
- Since the late 1980s, negotiations and CLAs on wages dealt with pension issues and wage increases. Since the CLA of 2007, they deal with pension issues, wages and CVT purposes (Lassen 01.10.2009, interview).
- According to Jørgensen (17.09.2009, interview) there are no direct links to other agreements (e.g. wage agreements).

### **Actors' Strategies and Conflicts among and between Them (State, Political Parties, Employers, Trade Unions)**

- The social partners request the firms to plan systematically vocational training for the employees. They recommend to establish vocational training committees at company level (EIRO 1998: The Private Bargaining Area)
- There is a long tradition of corporatism and since the 1899 agreement there is a consensus tradition between the social partners. It is therefore self-evident for the social partners to have influence. The CVT issue is not a fight between the partners but more about how to find money for it (Lassen 17.09.2009, interview).
- All parties agree on the importance of CVT because it is the only way for Denmark to cope with globalization (Jørgensen 17.09.2009, interview).

- The government wants the partners to take more responsibility also financially, as they did in the case of labor market pensions, which is now part of the collective bargaining agenda (Jørgensen 17.09.2009, interview).
- The Industry Agreement 1991 (*Industriens Overenkomst 1991*): With the establishment of the right on CVT through this agreement the social partners wanted to strengthen competitiveness and stable employment. Until then it had been discussed how the future competence development of employees should take place and who should finance it. The LO was in favor of paid freedom for vocational training and argued that the social partners should take responsibility in CVT. The LO did not want to leave the whole area of CVT.
- the government and thereby to be regulated only by legislation (Jørgensen 17.09.2009, interview).
- The Industry Agreement 2007 (*Industriens Overenkomst 2007*) was a big victory for the unions because it established an individual CVT right for employees. They can now take up CVT courses that are not directly linked to the companies' needs (Lassen 17.09.2009, interview). This agreement was a deal between the social partners and the government. If the social partners sign this new agreement and raise money for CVT, the state will spend more money for supplying training. The state still pays for wage compensation. So all in all, CVT got strengthened in 2007 and the state invests more money (Lassen 17.09.2009, interview).
- The bulk of the Danish firms are small and medium sized enterprises (SMEs) employing up to 250 people, and the continuing vocational training system is mainly shaped by their needs. Even though continuing training is not generally charged for, some of these SMEs have problems with resourcing CVT (CEDEFOP 2008b: Measures To Support Training in SMEs). Nevertheless, in Denmark the medium sized enterprises spend more money on CVT than large firms do (CEDEFOP 2010: 102, Figure 53).

## 10. Recent Developments and Other Interesting Information

- CVT is currently paid for by the state, but it is a very expensive task. Therefore, a change in the institutional framework in the direction of more involvement by the social partners (and collective bargaining) in the financing of CVT can be expected. The introduction of CVT funds (e.g. Competence development fund in Industry) is a beginning (Jørgensen 2009).
- Traditionally, the role of STFs in the Danish CVT system has been 'marginal' because of the weak real financial impact, compared with the strong role of the public VET system (CEDEFOP 2008a: 51). The high number of funds and their scattered structure among sectors created a low visibility and effectiveness. In the future, the social partners will take

a greater role in jointly financing public CVT training (CEDEFOP 2008a: 51). These statements have been weakened by the experts. The state will still be the main financing contributor many years from now (Jørgensen 17.09.2009, interview).

- The employees of sectoral unions still think that their members should not finance CVT. On the other hand, CVT is a very expensive task, as the labor market pensions were, and the top negotiators are aware of the responsibility they took by introducing the Competence Development Fund in the industry agreement 2007. The social partners will be more involved in the future but in which way is not to say right now (Jørgensen 17.09.2009, interview).
- The Prime Minister promised a further raise of public CVT expenditures by 133 million EUR if the social partners were willing to contribute more to CVT financing as well. Thus, a tripartite committee was established to initiate a public CVT reform. In spring 2007, the work of this body was considered sufficient for releasing the public CVT money. This lead to an altered position of STFs in the CVT framework (CEDEFOP 2008a: 44).
- For comparison: In the late 1980s there was an agreement covering pension that established pension funds that have these days a big impact on the system. It shows from a historical point of view experiences with such agreements. Now, CVT is a new area where such an agreement was reached in 2007. It shows the big consensus among the social partners. Consequently, the pension fund system is a possible future arrangement for the CVT fund system (Lassen 17.09.2009, interview). Due/Madsen (2007) confirm this point of view. They mention that CVT shows many parallels with the pension issue in the 1980s and that the arguments against integrating pension in CLAs at that time are the same as against more priority for CVT in CLAs these days. This has to be tax financed (Due/Madsen 2007: 8).

## 11. Contacted Experts

We thank the following experts and colleagues for providing information and answering very specific questions:

- Jørgensen, Carsten, 17.09.2009 and 01.10.2009, Information Officer at the Employment Relations Research Center FAOS, telephone interview.
- Lassen, Morten, 17.09.2009, Head of Department of Economics, Politics and Public Administration at the University of Aalborg, telephone interview.

## 12. List of Abbreviations

- AER: *Arbejdgivernes Elevrefusion* (The Employers' Student Reimbursement Scheme)
- AMU: *Arbetsmarknadsutbildning* (vocational training)
- CEDEFOP: European Centre for the Development of Vocational Training
- CLA: Collective Labor Agreement
- CO-industri: Central Organisation for Industrial Employees
- CVT: Continuing Vocational Training
- DA: *Dansk Arbejdsgiverforening* (The Confederation of Danish Employers)
- DHS: *Dansk Handel & Service* (the Danish Commerce and Service)
- DI: *Dansk Industri* (Confederation of Danish Industries)
- DKK: Dansk Krone (currency of Denmark)
- EIRO: European Industrial Relations Observatory
- EUR: Euro
- FA: *Finanssektorens Arbejdsgiverforening* (Danish Employers' Association for the Financial Sector)
- FF: *Finansforbundet* (Financial Services' Union)
- IA 91: The 1991 Industry Agreement
- LO: *Landsorganisationen i Danmark* (Danish Confederation of Trade Unions The Danish Confederation of Trade Unions)
- REVE: *Rådet for Erhvervsrettet Voksen- og Efteruddannelse* (National Council for Vocational Adult Education and Training)
- SiD: *Specialarbejderforbundet i Danmark* (General Workers'Union in Denmark)
- SME: small and medium size enterprise
- STF: Sectoral Training Fund

## References

- CEDEFOP (2008a): *Sectoral Training Funds in Europe.* <http://www.cedefop.europa.eu/download-manager.aspx?id=12945&lang=en&type=publication> (10.08.2009).
- CEDEFOP (2008b): *Thematic Analysis: Denmark.* <http://www.refernet.dk/Tema%205.pdf> (23.3.2010)
- CEDEFOP (2009): *Contribution of Collective Bargaining to Continuing Vocational Training.* <http://www.cedefop.europa.eu/etv/upload/etvnews/news/4171-att1-1-ef0914en.pdf> (10.08.2009).

- CEDEFOP (2010): *Employer-provided Vocational Training in Europe. Evaluation and Interpretation of the Third Continuing Vocational Training Survey*. Research Paper No. 2. Luxembourg: Publications Office of the European Union.
- CO-industri (2009a): *The Trade Union Structure: Craft Unions and Cartels*. <http://www.co-industri.dk/sw4938.asp> (20.10.2009).
- CO-industri (2009b): *The Structure of Agreements*. <http://www.co-industri.dk/sw5045.asp> (21.10.2009).
- Collective Agreement for Salaried Employees in Industry (2004-2007). <http://www.co-industri.dk/sw9469.asp> (24.06.2010).
- DA (2009): *Arbejdsmarkedsrapport 2008*.  
[http://www.da.dk/bilag/ArbejdsMarkedsRapport\\_2008\\_samlet.pdf](http://www.da.dk/bilag/ArbejdsMarkedsRapport_2008_samlet.pdf) (17.08.2009).
- Danish Ministry of Education (2008): *Adult Vocational Training in Denmark*. Factsheet.  
[http://www.eng.uvm.dk/~media/Files/English/Fact%20sheets/080101\\_fact\\_sheet\\_adult\\_education.ashx](http://www.eng.uvm.dk/~media/Files/English/Fact%20sheets/080101_fact_sheet_adult_education.ashx) (08.02.2010).
- Due, Jesper/Madsen, Jørgen Steen (2007): *A Chance Conjunction of Exceptional Circumstances. The Introduction of the Danish Labour Market Pensions in the 1980s*. Unpublished paper.
- EIRO (1998): *Collective Bargaining and Continuing Vocational Training in Europe*. Contributing Article: Denmark.  
<http://www.eurofound.europa.eu/eiro/1998/04/word/dk9801149s.doc> (19.02.2009).
- EIRO (2007): *Denmark: Industrial Relations Profile*.  
<http://www.eurofound.europa.eu/eiro/country/Denmark.htm> (21.01.2009).
- Heidemann, W. (1996). A European Comparison of Financing Arrangements for Vocational Training'. (English version by /DWP 96.06.). First published in J. Münch (ed.) (1996): *Ökonomie betrieblicher Bildungsarbeit*. (The economics of on-the-job training work). Berlin.
- Industry Agreement 2004-2007. <http://www.co-industri.dk/sw9469.asp> (12.07.2010).
- Jørgensen, Carsten (2007a): *New Industry Agreement Marked by Innovative Elements*.  
<http://www.eurofound.europa.eu/eiro/2007/03/articles/dk0703029i.htm> (17.08.2009).
- Jørgensen, Carsten (2007b): *Social Partners Sign New Three-Year Agreement in Manufacturing*. <http://www.eurofound.europa.eu/eiro/2007/03/articles/dk0703019i.htm> (17.08.2009).
- Jørgensen, Carsten (2008): *Collective Agreements in Private Sector Concluded Peacefully*. <http://www.eurofound.europa.eu/eiro/2008/03/articles/dk0803029i.htm> (17.08.2009).

- Jørgensen, Carsten (2009): *Denmark: Collective Bargaining and Continuous Vocational Training*. <http://www.eurofound.europa.eu/eiro/studies/tn0804048s/dk0804049q.htm> (17.08.2009).
- Nielsen, Ruth (2005): *The Evolving Structure of Collective Bargaining in Europe 1990 - 2004. National Report. Denmark*. University of Florence - European Commission. <http://eprints.unifi.it/archive/00001156/01/Danimarca.pdf> (21.01.2009).
- Olesen, Kaj (1997): *Denmark: The Role of Social Partners*. Geneva: ILO.
- ReferNet Denmark (2007): *Denmark: Overview of the Vocational Education and Training System in 2007*. [http://libserver.cedefop.europa.eu/vetelib/eu/pub/cedefop/eknowvet/2007\\_TO\\_DK.pdf](http://libserver.cedefop.europa.eu/vetelib/eu/pub/cedefop/eknowvet/2007_TO_DK.pdf) (10.08.2009).
- Smith, A./Billett, S. (2006). Mechanisms for Enhancing Employer Investment in Training: a Comparative Perspective. In: *Research in Post-Compulsory Education* 11(1), 1-18.