



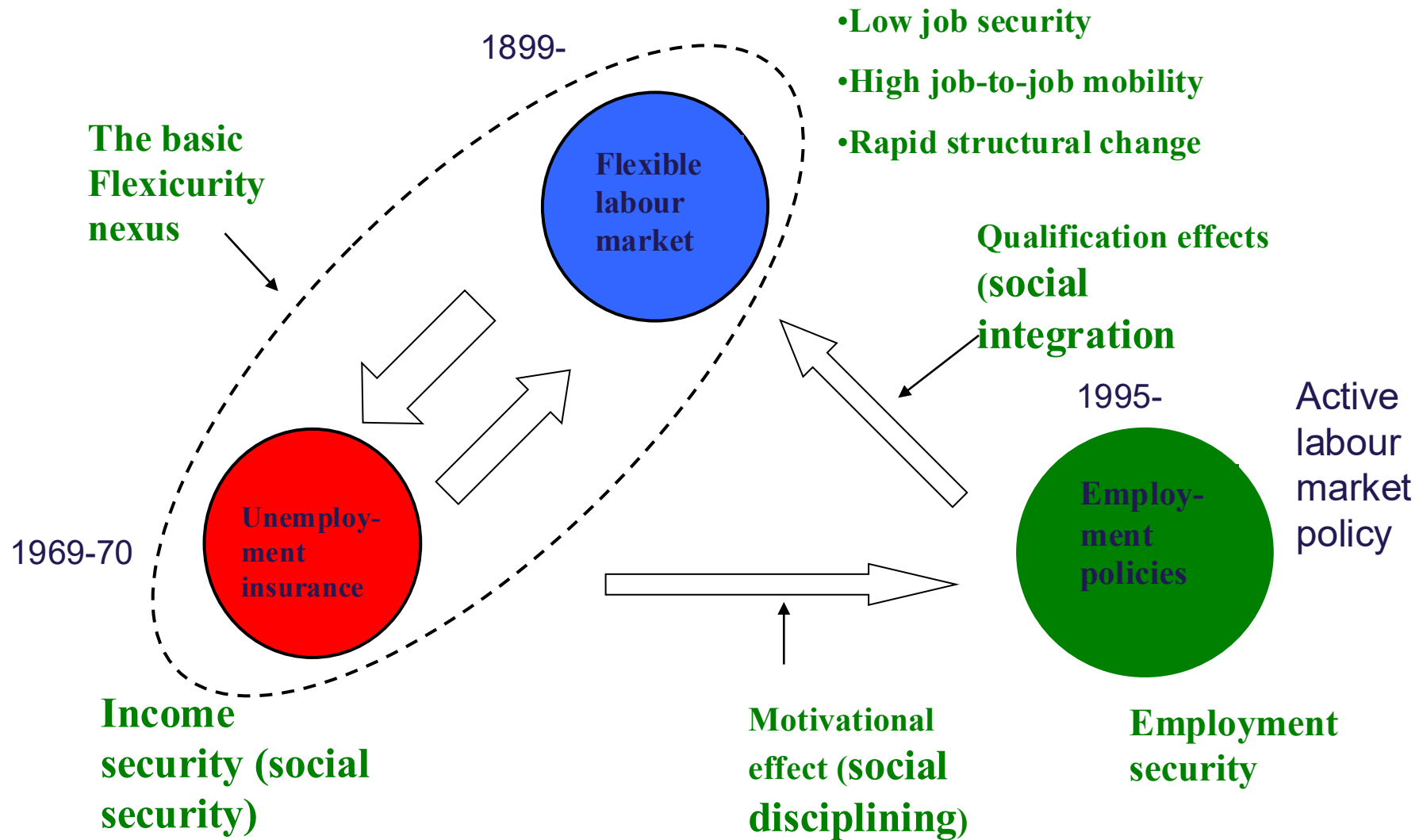
# The “Danish model” – Current transitions and future prospects.

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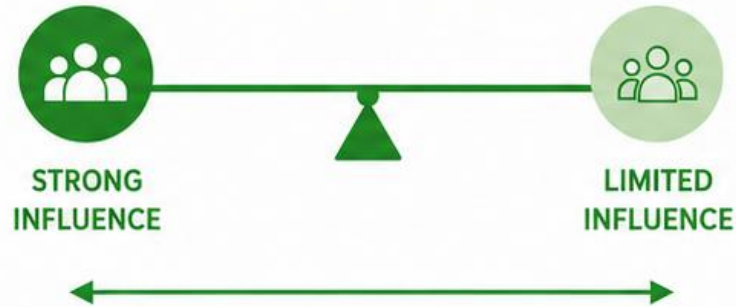
# The Danish Flexicurity Triangle



# STEERING OF EMPLOYMENT POLICY

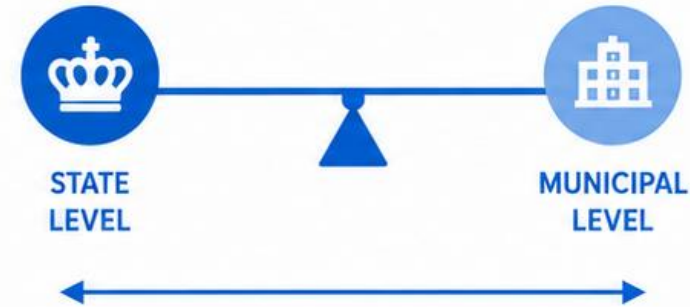
## 1. BALANCE OF LABOUR MARKET ACTORS

How much influence should labour market organisations and unemployment insurance funds have?



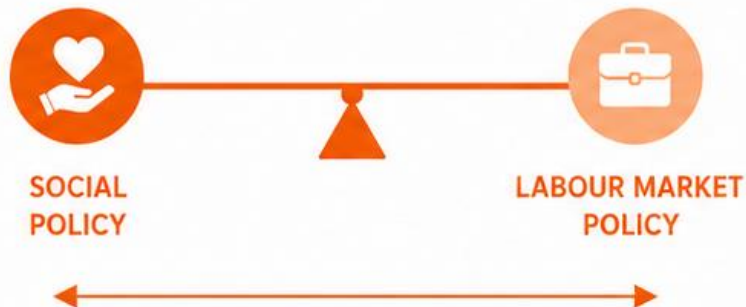
## 2. LEVEL BALANCE

Where is responsibility placed, what does the state, regions and municipalities handle?



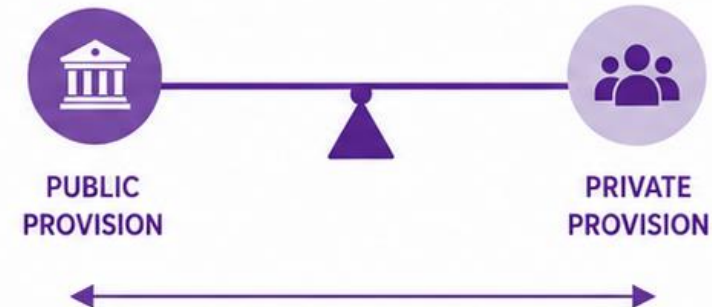
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How is the balance of influence between labour market policy and social policy?

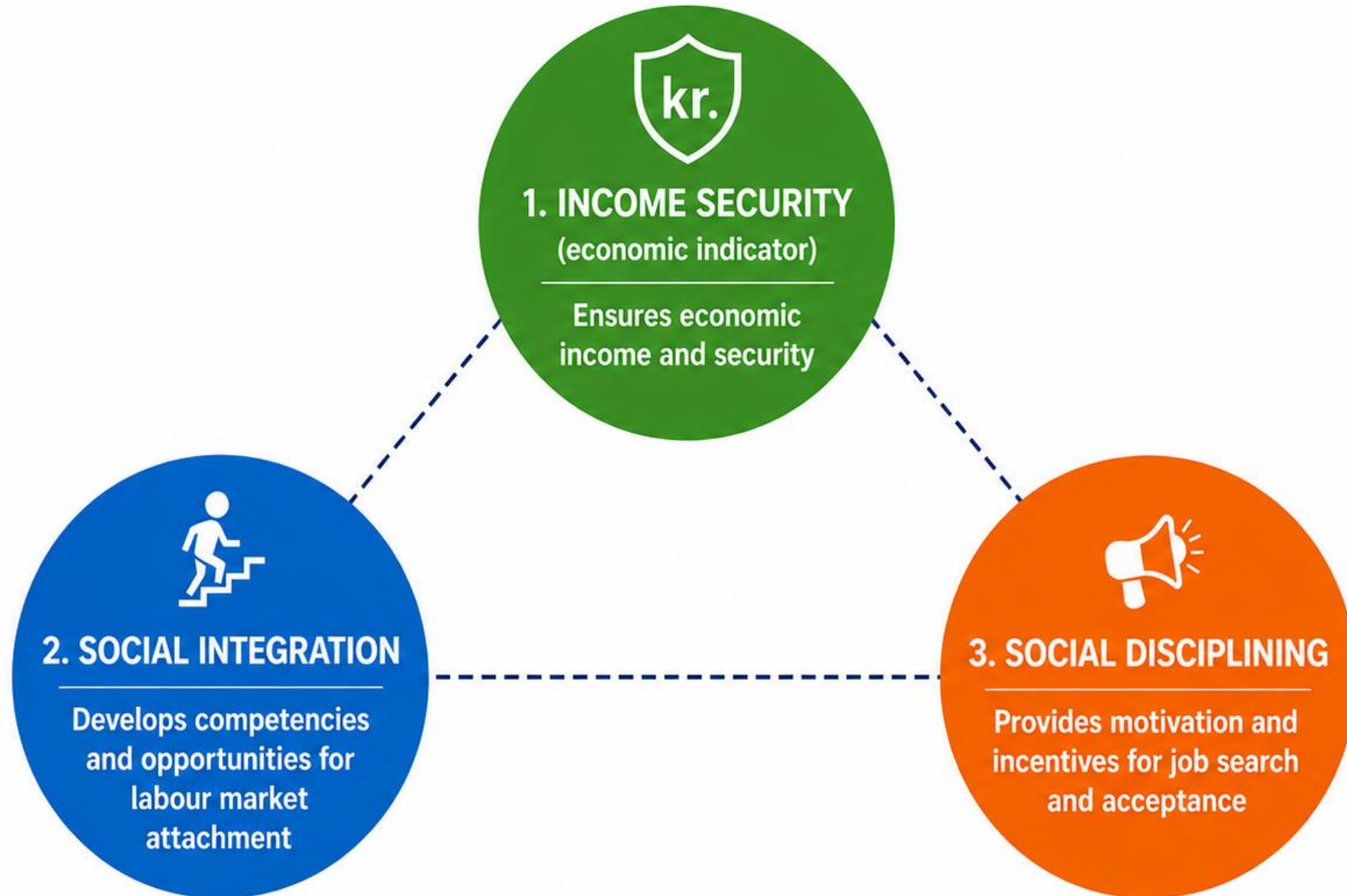


## 4. PUBLIC-PRIVATE BALANCE

To what extent are tasks performed by public versus private actors?



# THE CORE ELEMENTS OF EMPLOYMENT POLICY



# ALMP and employment services in Denmark over time

## 1970s–1980s: Social Security and Cyclical Unemployment

- Mass unemployment understood as **cyclical unemployment**
- Main task: **income security and social protection**
- Predominantly **passive labour market policy**
- Strong role for national and regional bodies
- **Strong influence of the social partners**

## Late 1980s–1990s: Structural Unemployment and Activation

Short-term economic upturns revealed labour shortages in some sectors

Discussion shifted **from cyclical to structural unemployment**

Commissions pointed to problems of qualifications and motivation

**1994 – reform:** Move from **passive to active** labour market policy

**Large investments in individual action plans and upskilling**

**Reduced duration in the insurance system** from unlimited to 7+2 years - 1996–1998: further reductions from 7 to 5 years, and later to 4 years

# Late 1990s: Reduction of unemployment and less focus on qualifications

- Strong reduction in unemployment – a success!
- **Reduction in educational offers** and less focus on social integration
- More emphasis on **activation and disciplining** (1996–1998: **reduction of unemployment benefit periods** from 7 to 5 years, and later to 4 years)

## 2002 Reform: More People into Work

- Significant **reduction of educational offers**
- Growing focus on **work-first** approaches: **More emphasis on disciplining and employment incentives**
- Stronger **focus on uninsured unemployed** in the municipal system (expanded target group)
- Idea of a **one-string employment system** (employment benefit + social assistance/cash benefit)
- Creation of **the Ministry of Employment** (Arbejdsministeriet/Socialministeriet)
- Social partners increasingly under pressure in relation to influence
- **Marketization** – up to 40% of insured unemployed transferred to private providers

## 2009-: Municipal Responsibility and Central Control

- **Full municipal responsibility for employment services from 2009**
- **Strong central control** through legislation, finance and performance management (Municipalities controlled through targets and incentives)
- **Increasingly company-oriented activation** - Companies becomes both means and goals in activation policy
- **The system gradually over the next years criticised for rigidity, bureaucratization and lack of responsiveness**

# 2010 Reform: Reduction of unemployment benefit period

- 2010 reform (implemented from 2012): reduction from 4 to 2 years

# 2013 Reform - : Expansion of the Target Group and reduced cash-benefit for young

- Reform of the cash-benefit system
- **Reduction in benefits**, especially for young people
- **Large expansion of the target group** - harder to obtain disability pension
- More citizens with complex needs entered the employment system
- **Growing public criticism of the system**

# 2016: Budget Reform and Local Responses

- **Municipalities became more financially responsible**
- **Strong state steering continued**
- **Growing interest in responsive and citizen-oriented services**
- Municipalities experimented with citizen involvement and co-creation
- New public governance approaches gained influence locally
- Municipalities lobby for greater local autonomy

## 2022-25: 'Closing the Job Centres'

- **Employment services became a major election issue - Several parties campaigned on closing job centres**
- **Expert commission propose greater municipal freedom/Less central control followed by major budget cuts**
- **Continued focus on company-based activation and wage hours**

# 2025–2026 Reform: Full municipal autonomy

1. **Simplification and reduction of target groups** – significant reduction of legislation
2. **Individually tailored support for citizens** (user-involvement)
3. **A balanced and dignified sanctions system** – also "pausing" unemployed with problems from demands/activation (separating LMP and social policy)
4. **Abolition of job centres and greater organisational flexibility**
5. **More room for unemployment insurance funds and private actors** (Compromise: new experiments)
6. **From procedural requirements to results-based management** (Still to be designed and implemented)

**Budget cut: DKK 2.8 billion DKK (approx. 25% of the budget)**

# Two parallel new reforms going in other direction than local autonomy/responsiveness or user involvement:

## 1. Work duty/Arbejdspligten

Targeted immigrants, but not only). Involves citizens who:

- A. Has **not lived** legally in Denmark, Greenland, or the Faroe Islands **for at least 9 out of the last 10 years**
- B. Has no had **at least 2½ years of ordinary full-time employment within the last 10 years.**

They are subject to:

- **New work obligation up to 37 hours per week** (job company internships/wage-hour activities, Danish language training, job-search activities).
- **Minimum benefit rate.** 6.789 DKK per month (before tax) - approximately 910 EUR

## 2. The Youth Initiative (*UngeLøftet*)

**IPS inspired:** Rapid labour market attachment, education, company-oriented activation, early intervention, cross-sectoral coordination, and individually tailored pathways for young people.

The initiative **is strongly centrally governed by the Danish Agency for Labour Market and Recruitment (STAR)**, which plays a key role in: defining targets, monitoring performance, developing methods, and steering municipal implementation.(Contrary to the main reform)

# The development of employment policy in Denmark

	Passive	Active	Active	Active depending on target group
<b>Orientation</b>	<u>Social security</u> → Passive income security	<u>Social integration</u> → Improved skills and employability	<u>Social disciplining</u> → Stronger incentives to work	<u>Social integration / Social disciplining</u> → Target group differentiated with more integration
<b>Policy approach</b>	Problem = lack of income	Problem = lack of qualifications	Problem = lack of motivation	Problem = increase motivation and qualifications through user involvement
<b>Problem identified</b>	<b>1970s–1980s</b>	<b>1990s</b>	<b>2000s–2010s</b>	<b>2020s</b>
<b>Dominant type of unemployment</b>	Cyclical unemployment (conjunctural)	Structural unemployment (skill mismatch)	Increase labour supply	Increase labour supply
<b>Overall policy framework</b>	Labour market policy / social policy	Labour market policy / social policy	Employment policy	Labour market policy / social policy

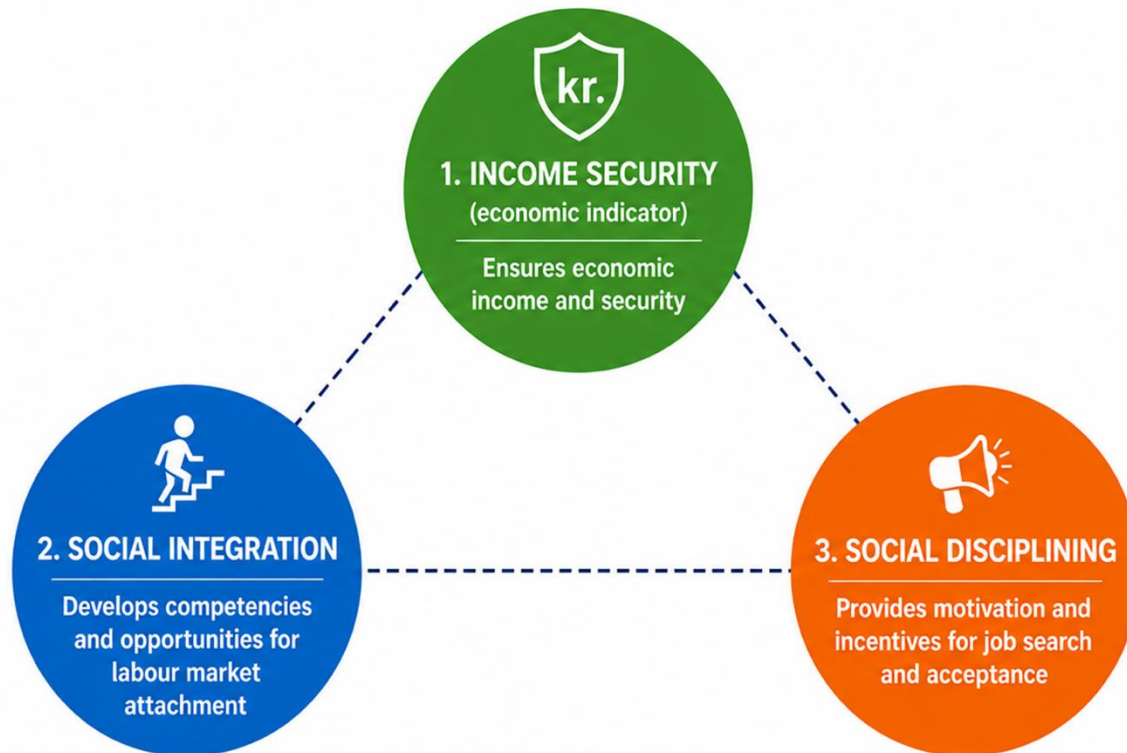
# 2026?

**Less or differentiated social disciplining**

**More user involving social integration, but with less opportunities and with companies as mean and goal.**

**No return to social security as the primary goal (cf. the recent reforms)**

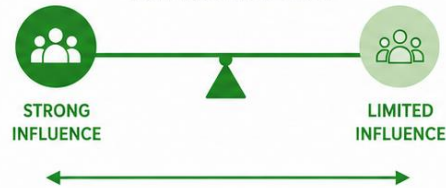
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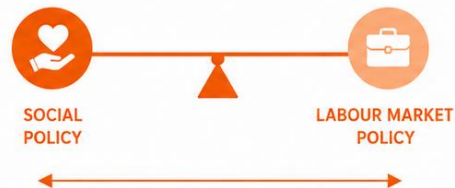
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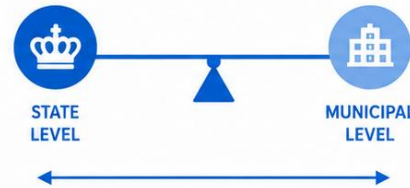
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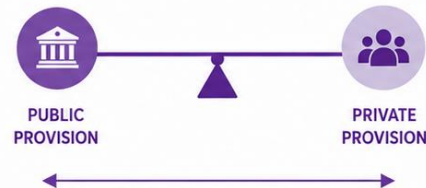
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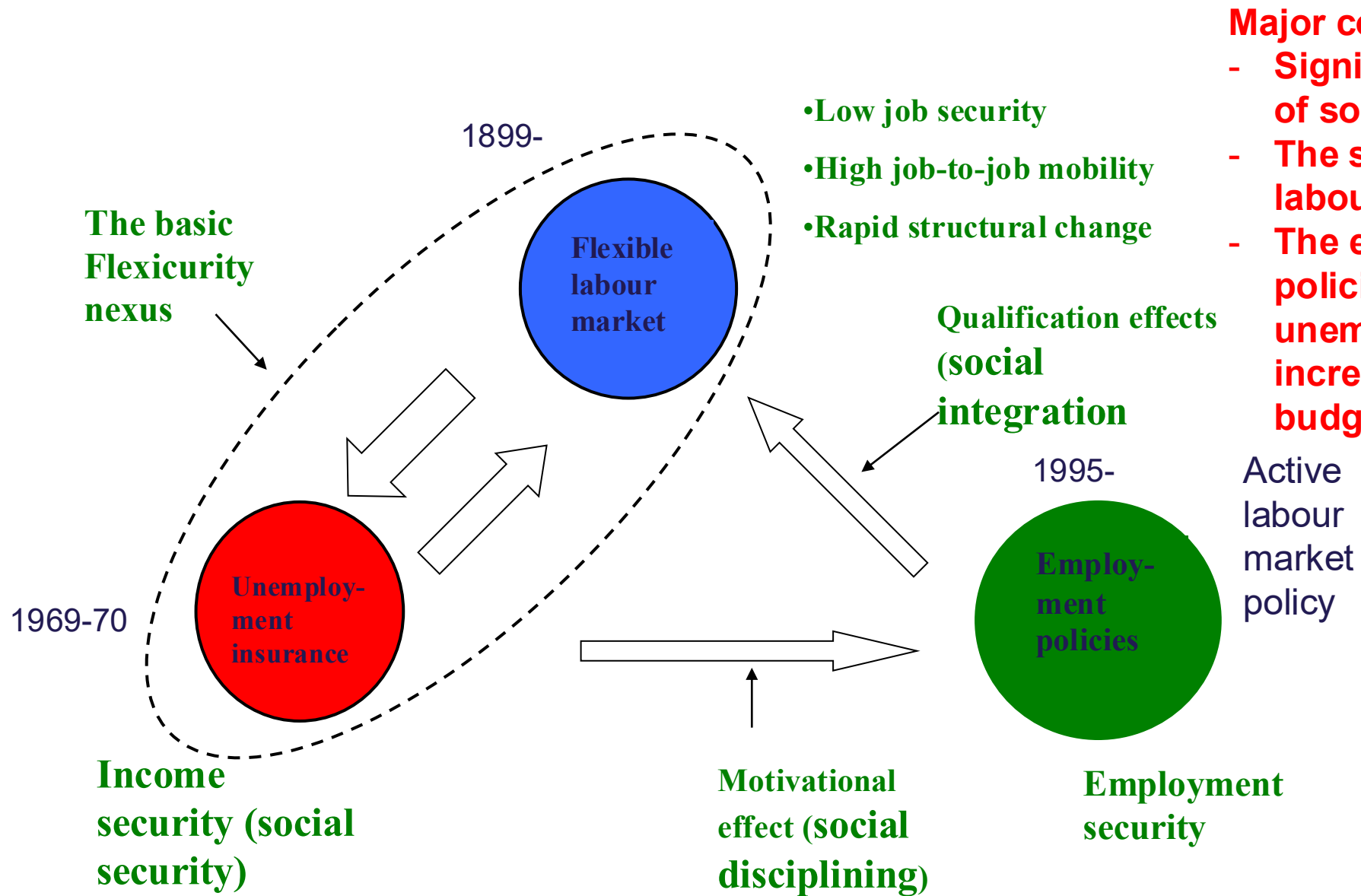
**The social partners:** Still upset (unions) over lost influence and in opposition to the municipalities.

**Level balance (state-municipalities):** Nearly full municipal autonomy, but not a fixed situation (cf. also recent reforms)

**Policy domain balance:** New devide between labour market and social policy. But not former social policies – still focus on job and companies for the ones who are capable.

**Public-private balance:** Still a role for insurance funds and private providers, but so far limited. Municipalisation means more public services.

# The Danish Flexicurity Triangle



- Major concerns:**
- Significant reduction of social security
  - The self-regulated labour market
  - The employment policies if unemployment increases (cf. The budget cuts).

A cluster of several white plastic gears of varying sizes is arranged on the left side of a dark blue, textured background. The gears are slightly out of focus, with the ones in the foreground being sharper. The lighting creates soft shadows, giving the gears a three-dimensional appearance.

**Thank you for listening!**