Tripartite negotiations and agreements can function as a political tool to handle issues that have an influence on the Danish labour market and society in general.

The Danish government will intervene as little as possible in labour market issues. When it comes to dealing with concrete challenges on the labour market, which can have an impact on society as such, the Danish government will invite the social partners to tripartite discussions.

The discussions of how to handle a societal issue will most often lead to tripartite negotiations followed by an agreement concluded between the social partners and the Danish government.

Two different examples show how social partners are instrumental in providing solutions for the Danish society:

- In December 1987, the social partners and the government concluded a joint statement aiming at strengthening competitiveness, moderating pay increases and creating more jobs. The joint statement laid the foundation of mandatory occupational pension schemes as part of the collective agreements.

- In March 2016, the social partners and the government concluded a tripartite agreement on the integration of refugees on the labour market. The agreement aims to prepare refugees to enter the labour market to a much higher extent than previously, and much faster. A key part of the agreement is a new scheme, called IGU (IGU is the integrative training program), which offers refugees a two-year job including 20 weeks of education and training at apprentice salary levels.

### The foundation and dynamics of the Danish labour market

**KEY FACTS**

- There is a long-held tradition for organising employees and employers in trade unions and employers’ associations.
- There are no extension mechanisms linked to collective agreements on the Danish labour market. Instead there is a strong sense of ownership and joint responsibility based on mutual recognition.
- There is no statutory definition of minimum wage in Denmark, since wages and working conditions primarily are defined by collective agreements concluded between the social partners at branch or company level.
- Legislation covers specific topics such as health and safety, holiday entitlements, sickness benefits, equal treatment, equal pay or maternity/paternity leave.
- The Salaried Employee Act defines issues like probation and notice period for termination.
- The flexible agreements concluded between the social partners are supported by a welfare system, which is financed by taxation and ensures a universal social coverage. For example, a well-functioning guarantee for child care or active labour market policies support a high level of employment.

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The General Agreement is negotiated by and covers the members of LO and DA.

**DA**
The Confederation of Danish Employers is the main umbrella organisation for private employers’ associations in Denmark. Their companies employ 70% of the total workforce (and 80% of the private sector employees).

In Denmark, employees organise according to educational background.

**LO**
The Danish Confederation of Trade Unions is the largest Danish confederation representing both blue-collar workers and salaried employees and covering 40% of all organised employees.

**FTP**
The Confederation of Professionals in Denmark is the second largest confederation representing white collar employees mainly from the public sector, and covering 15% of all organised employees.

**AC**
The Confederation of Professional Associations in Denmark is the third largest confederation — representing professionals and employees with a university degree and covering 10% of all organised employees.
The Danish labour market is unique in the way it is regulated, since there is no comprehensive governmental interference or legislation regarding wages and working conditions. There is a clear division of responsibility between the government and the social partners in relation to labour market policies. Legislation on labour issues primarily apply to employees not covered by collective agreements. The same principle applies to EU directives. If the collective agreement enables the employee the rights of an EU directive, the employee will not be covered by the collective agreement. The same principle applies to EU directives. If the collective agreement enables the employee the rights of an EU directive, the employee will not be covered by the collective agreement.

The high-level of organization and automation has created a strong sense of ownership and the social partners play a central role in society. The system is based on a voluntary approach.

The process of collective bargaining in the private sector is conducted autonomously. The General Agreement is the framework for collective agreements. It was concluded between the two main sides of industry:

- The Danish Confederation of Trade Unions (LO)
- The Confederation of Danish Employers (DA)
- Similar systems exist in the public sector

The Cooperation Agreement between DA and LO lays down the conditions for discussions on all relevant issues between the management and employees at the workplace. It reflects the general respect and trust between the two sides of industry. It also reflects the high degree of responsibility placed on the social partners to try to find constructive solutions to problems which might otherwise turn into labour disputes.

The General Agreement does not cover professional and managerial staff graduated from universities.

There is a strong tradition for being organized in employees’ associations and trade unions and industrial relations are regulated mostly by the advocacy of the social partners. The level in Denmark is approximately 70 per cent, which is one of the highest rankings in Europe, as figure 1 indicates. The organization rate varies according to sector and profession.

On 5 September 1899 the so-called September Settlement ended a long period of strikes and lock-outs. The September Settlement is regarded as the constitution of the Danish labour market. It was concluded between the two sides to recognize the right of workers and employers to take industrial action. However, they retain the right to take industrial action. It is in effect, illegal for the social partners to take industrial action. However, they retain the right to take industrial action if they cannot agree on renewing the collective agreements.