

Governing dual VET-systems and involving social partners - The case of Denmark

Agenda

- Characteristics of the Danish Labour Market
- Danish VET in a nutshell
- Cooperation
- The reform of Danish VET
- Advantages of strong involvement of social partners

The Danish Construction Association (DCA)

- The Danish Construction Association is an employer's organization including 6.000 companies within the Danish building and construction sector.
- The member companies comprise about 65.000 workers.
- Payroll in the member companies is approx. 23 billion DKK - 3,2 billion euros



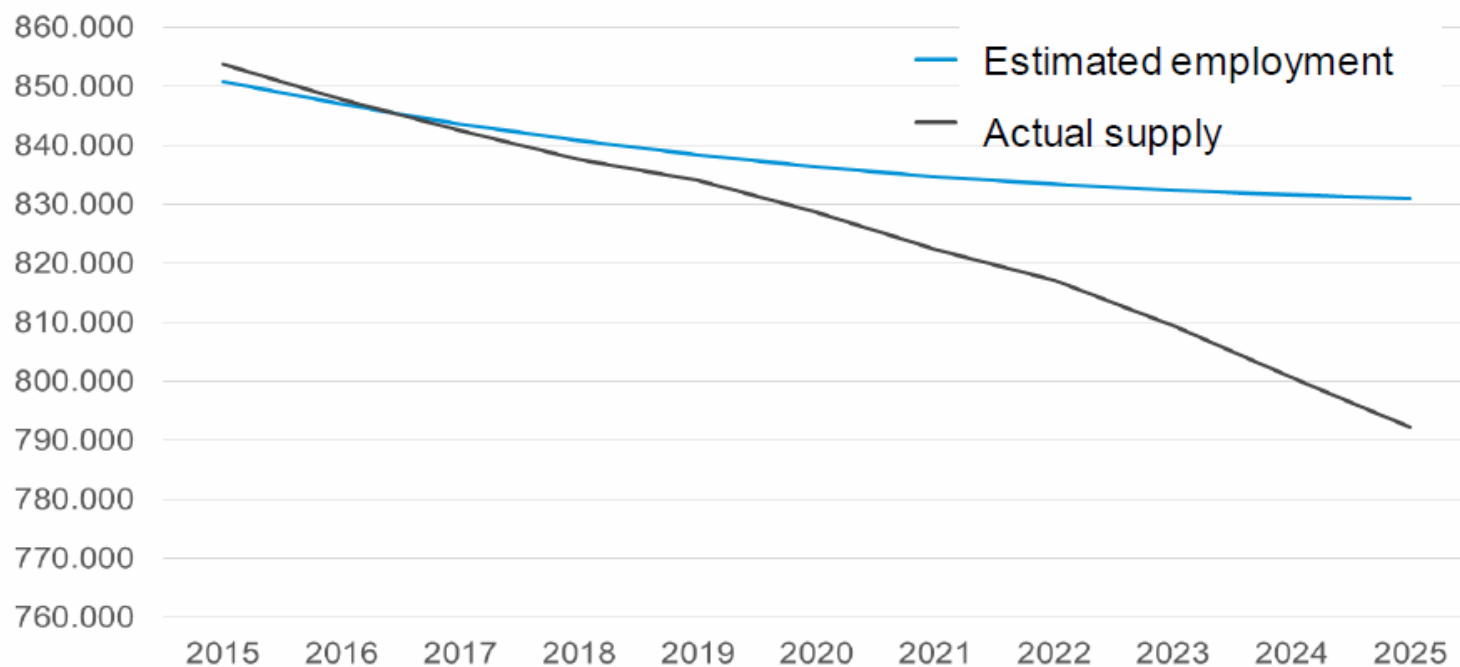
Characteristics of the Danish Labour Market

- Flexicurity
- Strong labour organisations on both sides of the industry
- High level of unionisation (app. 75%)
- Few main unions/organisations
- Long tradition for collective bargaining
- High regulation by collective agreements - few regulations by law
- General trends/challenges:
 - The demographic development reinforces the need for skilled labour
 - Already signs of labour shortages
 - Skills mismatch
 - Academic drift → more general education
 - Lack of apprenticeships in some sectors

Forecast – skilled workers 2025

The supply of skilled labour is decreasing more than the needs

Actual supply and estimated employment for all skilled workers in the age of 16-66. Number of persons



Danish VET in a nutshell

- Based on *the dual training principle*: 25-30% is school-based education and 70-75% is workplace training
- Qualifies students for labour market entry as skilled workers
- Admission requirement: Completion of compulsory education (primary school) and having passed the final test in Danish and Mathematics
- Duration: 2 to 5 years – the most typical being 3.5 to 4 years
- Four groups of programs: Technics and construction, Health and child care, Business and trade, Food and agriculture. 106 vet programs.

The basis of cooperation

- Government is financing the schools while labour market is financing the living costs
- The collective agreements guarantees the rights of the apprentices while in the company
- The fundamental trade: The trade unions accept introductory wages for education. The apprentices wages are:
 - + determined by collective labour market agreements
 - + paid by the employers
 - + increasing over the years starting at 40-50% of the minimum wage of a skilled worker ending at 80%
- The Employers Reimbursement Fund (AUB) →

Employers reimbursement funds



1) Company contribution per full-time employee, 400 EUR per year.

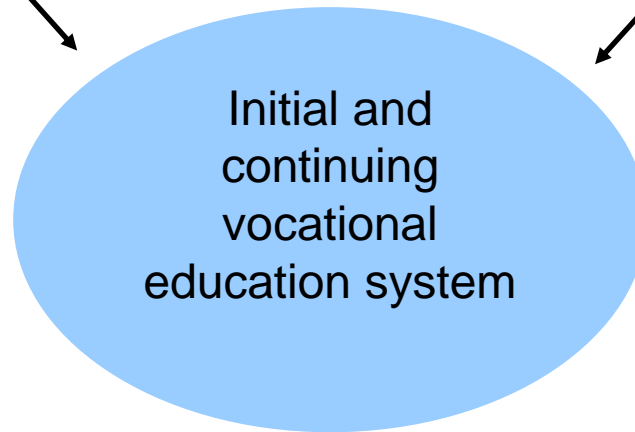
2) Reimbursements:

- Financing the salary costs while the apprentice is at school
- Financing 80% of students travelling expenses
- Financing benefits for students in the apprenticeship center
- Others

Danish VET – 3 parties cooperate and govern

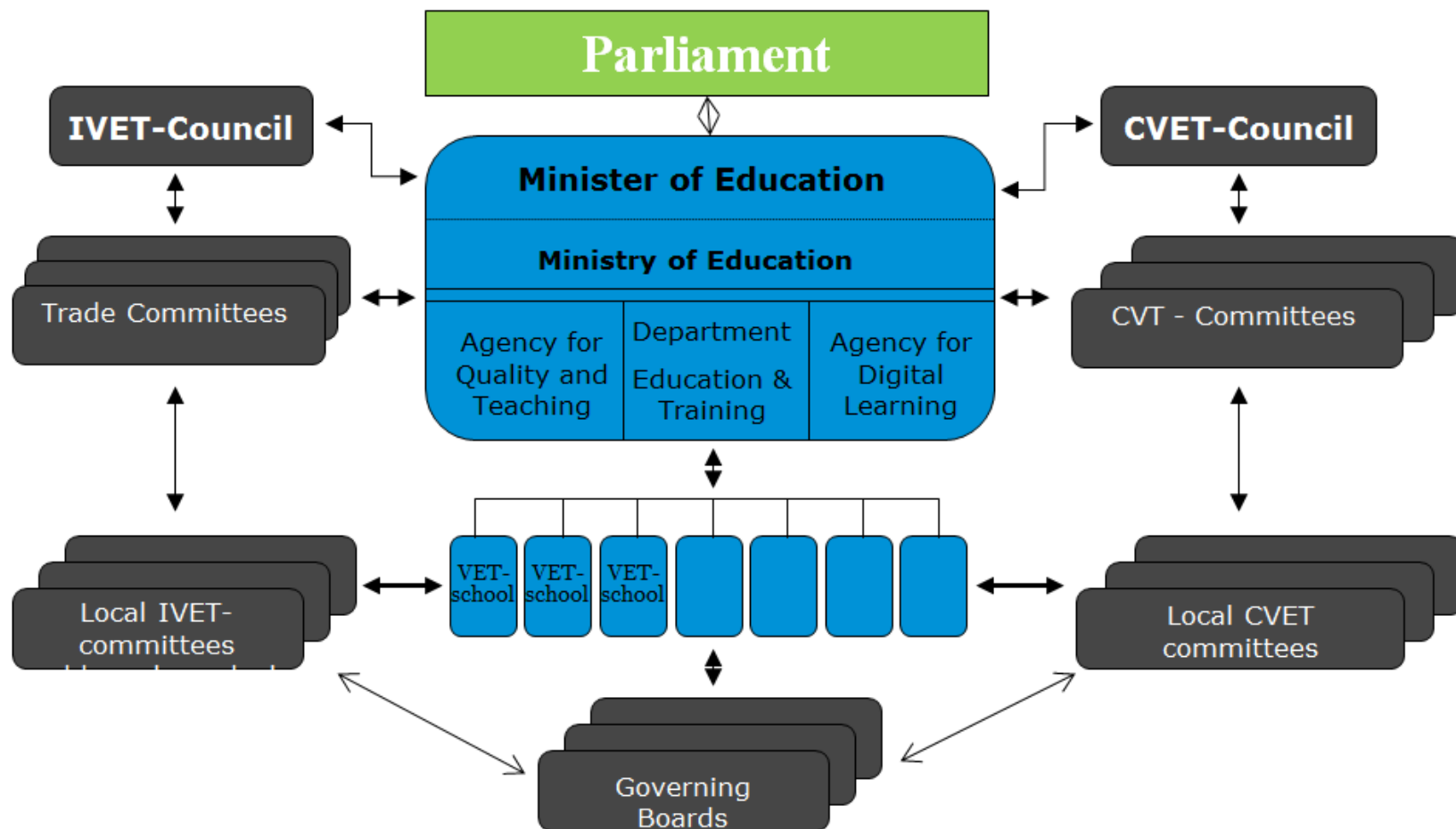
Trade unions

Employer Organisations



↑
Government,
Ministries, National
and Local
Authorities

Governance and Stakeholder Cooperation in the Danish VET-system



3 levels of cooperation

Organisations:	VET system:
<ul style="list-style-type: none"> •Main labour market organisations (DA, LO) 	<ul style="list-style-type: none"> •Danish council for VET
<ul style="list-style-type: none"> •Trade organisations – i.e. employers and employees within construction or metal 	Trade committees – 57 committees for 106 VET programs
<ul style="list-style-type: none"> •Local trade union representatives and individual companies 	Local trade committees and school boards

The reform of VET in Denmark

- The government invited the social partners to mutual discussions on a reform of VET in autumn 2012. These talks ended summer 2013
- No final report, but productive discussions that formed the basis of the government model for the reform program
- Common declaration from the government, the DA and the LO on the basic components of a reform. The government presented its proposal
- Traditional lobbying process during autumn and winter
- Reform adopted late spring 2014 after a hearing process with extended involvement of the social partners

Advantages of strong involvement of social partners

- Strong coordination between development of VET programs and labour market competence demands
- High employability of candidates
- High level of commitment from employers and employees to the VET system
- Substantial labour market contributions to the financing of the VET system

Thank you

- Contact:
 - Jakob Krohn-Rasmussen, Danish Construction Association
 - jkr@danskbyggeri.dk