

<a href="#">Background...</a>	<a href="#">Restructuring...</a>	<a href="#">Senior Management...</a>	<a href="#">Challenges...</a>
<a href="#">Legal Framework...</a>	<a href="#">Organisation of HR...</a>	<a href="#">Industrial Relations...</a>	
<a href="#">Composition...</a>	<a href="#">HR Management...</a>	<a href="#">Reforms...</a>	

## Background

Employment in *central government* under the main General Employment Framework (GEF):<sup>1</sup>

2012: about 33 000 Full-time equivalents (FTEs)

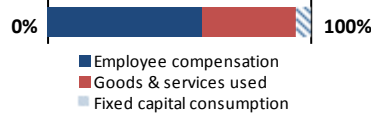
Total employment in the *general government sector* as a percentage of labour force (2010):<sup>†</sup>

26.8%

Central human resources management body:

Agency of Modernisation of Public Administration

Government production costs (2010)<sup>††</sup>



Government centralisation (2008)<sup>††</sup>



Type of recruitment system (2010)



## Legal Framework

GEF covers all employees:	No
GEF includes fixed-term contracts:	Yes
Private law applicable in public sector:	Yes

Public employment in Denmark is most often under collective agreements, 78% of staff under the GEF, with only particular groups being considered Civil Servants, 19% of staff, the latter including senior managers. Those under collective agreements are subject to the same legislation as the private sector,

whereas Civil Servants are primarily governed by the Civil Servants Act. Civil Servants are not permitted to strike, are entitled to three years redundancy allowance and have a defined-benefit pension plan. The GEF covers very short-term contracts but not casual employment.

Staff have the right:

to unionise      to strike

Benefits, to which employees are entitled to, are:

Full funding of social security      Partial funding of social security      Some funding of pensions

Firing rules provide:

Different guarantees about job protection / dismissal      Guarantees in favour of life-long employment

	to unionise	to strike	Full funding of social security	Partial funding of social security	Some funding of pensions	Different guarantees about job protection / dismissal	Guarantees in favour of life-long employment
Public sector	Yes	Yes	No Data	No Data	Yes	No	No
Private sector	Yes	Yes	No Data	No Data	Yes	No	No

## Composition of Employment

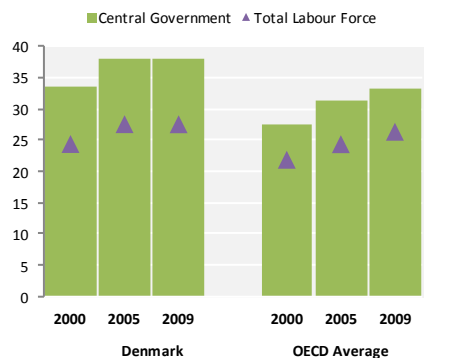
### Central government employment<sup>1</sup>

Total employment under GEF (2012):	about 33 000 FTEs
Part-time employment (2009):	10 938 employees

### Gender in central government (2012)<sup>1</sup>

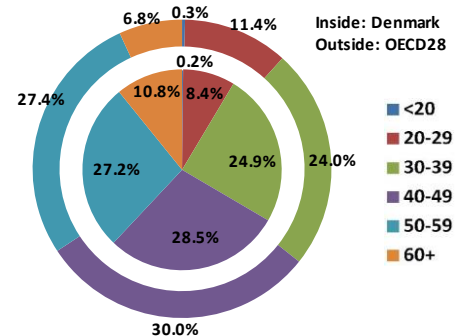
Female participation in central government workforce:	about 55%
Share of top and middle positions who are women:	about 25%

<sup>1</sup> Data are for core ministries and agencies of central/federal governments



Percentage of employees aged 50 years or older in central government and total labour force (2000, 2005 and 2009)\*

Part-time employment accounts for a relatively high proportion of total work hours, 33.9%, in the Danish public service. The age structure of public employment is mildly skewed towards older employees, with those aged 50 years or older accounting for 38% in 2009, compared to the OECD average of 34.3%. The trend for this group has levelled off in recent years, with the proportion remaining roughly constant since 2005. In addition, employees under the age of 30



### Age structure of central government 2009

account for 8.6%, which is less than the OECD average of 11.7%. Although women represent a higher portion of the Danish public service than the OECD average, their share of management positions is lower. In 2012, women accounted for about 55% of central government and about 25% of management positions in Denmark, compared to the 2009 OECD averages of 49.5% and 34.7%, respectively.

## Public Sector Restructuring

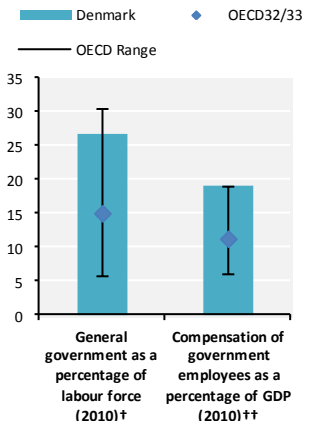
Denmark is one of 27 OECD countries which reported an anticipated decrease in public employment levels as a result of planned reforms. In particular, administrative staff reductions and efficiency gains through restructure of support services have been implemented. Reduction of public consumption through general savings of 2.5% in 2012 and 5% in 2013 is a significant part of the fiscal consolidation plan; however, the impact this will have on employment levels is yet to be seen.~ General government sector employment (excluding public corporations) as a percentage of the labour force, 26.8% in 2012, is one of the highest rates of all OECD countries. Similarly, compensation of public employees as a percentage of GDP, 19% in 2010, is the highest rate of all OECD countries.

### Anticipated reforms' effect on employment level:

Decrease

### Implemented changes in employment levels affecting more than 50% of ministries/agencies since 2000:

- Delegation to other public or semi-public organisations
- Reorganisation / restructuring
- Devolution of authority over other levels of government



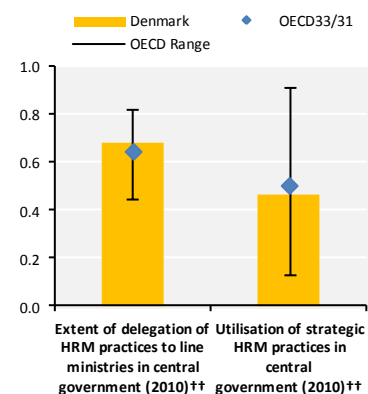
## Organisation of HR Management

### Decentralisation of HR Management

<b>Central HRM unit:</b>	Agency of Modernisation of Public Administration
<b>Role:</b>	Responsible for defining HR policy
<b>Location:</b>	Ministry of Finance
<b>Responsibilities:</b>	<ul style="list-style-type: none"> <li>• Provide leadership and guidance</li> <li>• Design HR strategy</li> <li>• Coordinate and supervise HR policy/strategy</li> <li>• Provide advice on legal framework</li> <li>• Design the pay system</li> <li>• Transmit public service values</li> <li>• Define and control the payroll</li> <li>• Define salary levels and benefits</li> <li>• Promote diversity</li> <li>• Manage retirement and pension plans</li> </ul>
<b>Personnel, budget and pay delegation:</b>	<ul style="list-style-type: none"> <li>• Budget allocation is managed centrally.</li> <li>• Pay systems are managed centrally, with some latitude for ministries.</li> <li>• The distribution of posts and management of bonuses are delegated to ministries, with involvement of units/teams in the latter issue.</li> </ul>
<b>Classification, recruitment and dismissal delegation:</b>	<ul style="list-style-type: none"> <li>• Contract duration, career management, dismissal and recruitment are managed by ministries, with units/teams involved in recruitment.</li> </ul>
<b>Employment conditions delegation:</b>	<ul style="list-style-type: none"> <li>• Working conditions, performance appraisal, the code of conduct and equal opportunity issues are managed by ministries.</li> <li>• The central HRM body sets limits to the flexibility of working conditions.</li> <li>• Units/teams are also involved in performance appraisal.</li> </ul>

### Strategic HR Management

<b>Existence of HRM accountability framework for managers:</b>	Yes, with framework design left to discretion of different organizations.
<b>HRM targets feed performance assessments:</b>	Yes
<b>Regular HRM assessment of ministries and departments:</b>	No
<b>Framework requires top &amp; middle management to plan and report on:</b>	<ul style="list-style-type: none"> <li>• Compliance with HR rules &amp; targets for employment and pay</li> <li>• Effectiveness of strategic workforce planning efforts</li> <li>• Workforce strategies to close competency gaps</li> <li>• General people management</li> </ul>
<b>Forward planning use:</b>	No forward planning is in use.

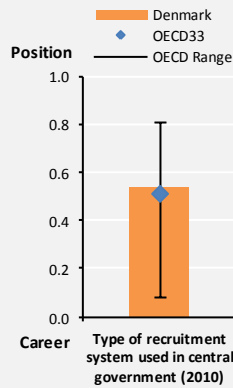


Denmark delegates HRM practices to line ministries to an extent roughly consistent with the average OECD country. The central HRM body is responsible for a wide range of issues; however, much of the employment framework is managed at the ministerial level. Units/teams are also involved in the management of bonuses, recruitment and performance appraisal. Overall, delegation has led to a broadly comparable employment framework across all central government. In addition, Denmark makes use of strategic HRM

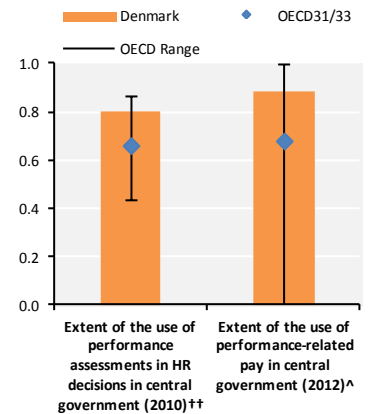
practices to a similar extent as the average OECD country. The accountability framework for managers is fully linked to strategic objectives and HRM targets are considered in management performance assessment. Management is required to report on a fair range of issues, but there are no regular assessments of ministries' HRM capacity. Denmark does not use forward planning, which detracts considerably from its use of strategic HRM practices.

## HR Management Practice

**RECRUITMENT:** Denmark uses a recruitment system that is somewhat more position based compared to the average OECD country. Entry into the public service is gained through direct application and interview for a specific post. All vacancies are published externally and open to external recruitment. There is a hiring target for 4% “non-Western” staff within each ministry, which has not yet been reached as the current proportion is 2.9%. In addition, disabled applicants receive preferential rights for an interview.



**PERFORMANCE:** Denmark uses performance assessment in HR decisions to a substantially greater extent than the average OECD country, and lies in the upper region of the range. Assessment is mandatory for almost all public employees and takes the form of an annual meeting with the immediate superior. An extensive range of criteria are used, including activities undertaken, timeliness and quality of outputs, improvement of competencies and interpersonal skills. Assessment is of high importance to career advancement, remuneration and contract renewal. In addition, Denmark also uses performance-related pay (PRP) to a substantially greater extent than the average OECD country, and lies in the upper region of the range. PRP is used for most employees and takes the form of one-off bonuses and permanent pay increments, as well as contributing towards promotion decisions. There is no limit set on the proportion of base salary that PRP can take.



**PAY SETTING:** Base salary is negotiated in a single collective agreement for all central government, with the possibility of further negotiation over bargaining and bonuses at sectoral branch, decentralised and individual levels. Remuneration is indexed to the development of pay in the private sector, with bonuses undergoing annual revision and base salary every 2-3 years. Job content is the

most important determinant of base salary for all grades, with qualifications, performance, seniority and experience also contributing. Seniority based pay is in use but pay increments have been reduced recently. Previous salary and experience in similar positions are taken into account for pay levels of new employees.

Most important factors to determine base salary	Top Management	Middle Management	Professionals	Secretarial Level	Technical Support
Educational qualification	◀	◀	●	●	●
Job content	●	●	●	●	●
Ministry	◀	◀	○	○	○
Performance	◀	◀	◀	◀	◀
Age	○	○	○	○	○
Seniority in the position	◀	◀	◀	◀	◀
Relevant experience	◀	◀	◀	◀	◀

● Key importance      ◀ Somewhat important      ○ Not at all important

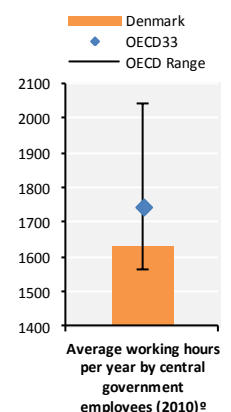
**PROMOTIONS:** Qualifications are relevant factors in promotion decisions for all grades, whilst experience and performance appraisals contribute for management level positions. There are no formal restrictions to promotion between hierarchical grades; however, minimum education requirements may apply. Transparent listings of openings are available to all employees. There are no diversity policies in place regarding promotions.

**MOBILITY:** Internal mobility has been steady in the Danish public service and mobility is the responsibility of ministries, hence there are no plans to increase or reduce it at a central level. External mobility is also the responsibility of ministries, although initiatives have been taken to increase the number of employees seeking an international career, particularly within international organisations in which Denmark participates. Employees on external posts face no costs if they do not return to the public service.

**TRAINING:** There is no standard initial training in Denmark as training decisions are delegated. The estimated average yearly training received by public employees is 5-7 days.

**WORK CONDITIONS:** The average yearly working hours in the Danish public service, 1 631 hours in 2010, is substantially below the OECD average of 1 745 hours. This is driven by slightly fewer weekly working hours and approximately 6.5 extra days of annual leave – the most annual holidays of all OECD countries. The average number of sick days taken per FTE is 8.9 days per year and the central HRM body publishes statistics on absenteeism four times a year to support measures to reduce absenteeism.

Number of regular working hours per week: <sup>g</sup>	37
Average number of annual leave days per year: <sup>g</sup>	30
Average number of bank (public) holidays per year: <sup>g</sup>	10.3
Total number of hours worked per year: <sup>g</sup>	1 631



## Senior Management

There is no separate group treated as the senior civil service in Denmark. Policies regarding senior management are decentralised, consequently there is no centrally defined skills profile. A value of the composite indicator for the use of separate HRM practices for senior civil servants cannot be compiled due to the decentralised nature of policy. All senior management positions are published externally and

recruitment is managed at the ministerial/agency level. Permanent secretaries (highest level) are appointed/dismissed by the prime minister; deputy permanent secretaries and directors general by the ministry head; and lower levels by the ministry head or others in ministry. Neither advisors nor management staff turn over with a change in government.

## Industrial Relations

Agreement with unions is mandatory regarding base salary and the right to strike, which are negotiated centrally. Unions must be consulted regarding bonuses, work conditions and the employment framework, where negotiations are held at both central and delegated levels. Union consultation is voluntary regarding the code of conduct,

which is set centrally, and unions do not receive public funding. All public employees are granted the right to unionise, and most are guaranteed the right to strike without exception. Civil Servants employed under the Civil Servants Act are not allowed to strike, however.

## Reforms

Possible reforms attempt to increase the workforce and decrease the size of the population covered by public support (i.e. students, unemployed and pensioners) and analysing the workforce's actual

working time. Furthermore, reforms aim to increase the efficiency of the central level of public administration, among others, by digitalisation, shared services and larger units through mergers.

## Challenges

In the year 2020 the Danish society as a whole might reach an relatively unsustainable level regarding the size of the Danish work force and potential taxpayers compared to the size of the Danish population that is covered by public support. Furthermore, the Danish

economy as such is also challenged by the international financial crisis. The national level of public administration is also part of and affected by these challenges.

### Sources

Unless indicated otherwise, all data are sourced from OECD (2010), *Survey on Strategic Human Resources Management in Central/Federal Governments*, unpublished.

\* Data for Total Labour Force from OECD *Labour Force Statistics Database*; data for Central Government from OECD (2011), *Government at a Glance 2011*.

† Data from International Labour Organization (ILO) *LABORSTA Database* and OECD *National Accounts Statistics*. See Methodological Note.

†† OECD (2011), *Government at a Glance 2011*, OECD Publishing, Paris.

~ OECD (2012), *Restoring Public Finances, 2012 Update*, OECD Publishing, Paris.

° OECD (2010), *Survey on the Compensation of Employees in Central/Federal Governments*, unpublished.

^ OECD (2012), *Rewarding Performance in the Public Sector: Performance-related Pay in OECD Countries*, unpublished.

### Further Reading

OECD (2012), *Public Sector Compensation in Times of Austerity*, OECD Publishing, Paris.

OECD (2011), *Public Servants as Partners for Growth: Toward a Stronger, Leaner and More Equitable Workforce*, OECD Publishing, Paris.

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