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Initial Vocational Training in Denmark

1. Introduction

Overview

The public system on initial vocational training (IVT):

- Denmark exhibits a dual apprenticeship system which combines school-based training with work-place training.
- Traditionally, there is a division of labor in the Danish IVT system. The Ministry of Education is responsible for the school-based part of the training and the social partners for the work-based part (Cort 2005: 16). The Ministry of Education sets out the overall objectives for the initial vocational training programs and provides a framework for the stakeholders i.e. the social partners. Furthermore, the Ministry is responsible for the allocation of the resources and the breadth of the programs (ReferNet Denmark 2007).
- The programs are divided between a basic and a main program. The student must enter into a training agreement with a company approved by the social partners in order to accomplish the main program. There were approximately 125 vocational education and training programs in 2007, each leading to a number of vocational specializations. The social partners have considerable influence on them (Danish Ministry of Education 2009). In the beginning there is a basic course which is only school based. It can last from 20 to over 100 weeks. After this period the main course starts, partly in companies. The school-

based and the work-based parts are separate periods of several weeks or months. Hence, one can consider that the long periods where apprentices are away from work constitute negative incentives for the employers to instruct apprentices.

- In the vocational colleges IVT as well as Continuing Vocational Training (CVT) take place. The colleges are under public law, but are independent institutions with their own boards that are responsible for the budgeting and all administrative tasks (Cort 14.09.2009, interview). The teaching at the vocational schools is free of charge for the trainees. The schools receive grants from the state dependent on the number of students (Cort 2002: 24). About 38 per cent of a youth cohort obtains a vocational education. Out of these, around 33 per cent normally have the vocational education as their highest completed education, while the remaining five per cent usually take higher education in a later step (Danish Ministry of Education 2009).
- In order to create a higher incentive for employers to educate apprentices (Cort 14.09.2009, interview), the employers' reimbursement scheme (*Arbejdsgivernes Elevrefusion*, AER) was created, where all employers have to contribute, independently from hiring apprentices or not (Cort 14.09.2009, interview). The Employers' Reimbursement Fund that was established by law in 1977 (Smistrup 16.10.2009, interview) reimburses the company for the trainee's wage when the student is attending college. All employers contribute to the fund. All companies, both public and private, contribute a fixed annual amount to this fund for each of their employees (Danish Ministry of Education 2009). According to Cort (14.09.2009, interview), the employers' reimbursement scheme could not give the social partners more power. From a historical point of view, the social partners would always have had a big influence on the entire IVT system and this scheme would only be a reflection of the power of the social partners in this domain.

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

- Regulations for apprentices are part of the CLAs. The working conditions are the same for all workers (Cort 14.09.2009, interview). There are also regulations for the wages paid per hour for the corresponding sector in the CLAs (e.g. industry agreement) (Cort 14.09.2009, interview). The other regulations apart from wages, working hours and holidays are included in the individual learning contracts between the employer and the apprentice (Smistrup 16.10.2009, interview).
- There are no funds established through CLAs in initial vocational training in Denmark.

Levels of Bargaining

- Collective bargaining on IVT takes place at sectoral level (Cort 14.09.2009, interview).

Actors

The main trade unions involved in the negotiation of IVT in CLAs are the following:

- Danish Confederation of Trade Unions (*Landsorganisationen i Danmark*, LO): the LO is the largest national trade union confederation in Denmark and the most representative employees' organization in the public and private sector with 1.5 million members in 2000 (Nielsen 2005: 19).
- Central Organization for Industrial Employees (*Centralorganisationen af industriansatte i Danmark*, CO-industri): CO-industry 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 2009c: The Trade Union Structure).

Main employers' organizations that are involved in the negotiation of IVT in CLAs:

- Confederation of Danish Employers (*Dansk Arbejdsgiverforening*, DA): the DA is composed of 13 employers' organizations and represents more than 29,000 private companies in Denmark (Nielsen 2005: 22).
- Confederation of Danish Industries (*Dansk Industri*, DI) (EIRO 2007: Main Actors).

Critical Junctures

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

- The AER scheme was set up in 1977 to (fully or partly) refund wages that are paid to apprentices by the employers during the time spent at school (Cort 2002: 106).

2. Important Collective Agreements (Examples)

- Industrial Agreement 2004-2007 (*Industriens Overenkomst 2004*)
 - This agreement covers 220,000 workers in Danish industry (<http://www.co-industri.dk/sw7325.asp>).
 - Clause 33 pension, subclause (2): Apprentices are not covered by the pension scheme, however, those apprentices who commence their training after they had

- attended the age of 20 shall be covered by the pension scheme when they have nine months seniority.
- Minimum pay (increasing with the years of apprenticeship), holidays, working time, travelling allowances are regulated.
 - Payment of apprentices is increased with an average of 4.5 per cent per year.
- Collective Agreement for the Danish Manufacturing Industry 2007-2010
 - According to this agreement, apprentice pay is increased by 3.5 per cent per year (Nordic-in.org year unknown: 2).
 - Collective Agreement for Salaried Employees in Industry 2004-2007
 - The CLA covers technical employees and apprentices with a training as e.g. technical assistant, draughtsman, mechanical technical engineer, building technician, electronics technical engineer, plumbing, heating and ventilation technical engineer, chemical technical engineer, quality and measurement technical engineer, export technical engineer, export technical engineer, architectural technician and food technologist or employees possessing similar qualifications (clause 1 scope of the agreement, subclause (1)).
 - Clause 2 pay provision, subclause (1): Before the apprenticeship a written contract should be made between the employer and the apprentice; there are minimum pays for apprentices in commercial and clerical work as well as for technical designers regulated, which increase every year of the apprenticeship.
 - Clause 7 pension, subclause (1): Apprentices are not covered by the pension scheme, however, those apprentices who commence their training after they had attended the age of 20 shall be covered by the pension scheme when they have nine months seniority.
 - Protocol Nr. 3 travelling allowances for apprentices: Under certain conditions (distance to/from school) the enterprise pays travelling costs.
 - Protocol Nr. 4 posting of apprentices: In case of posting the enterprise shall cover any pay difference.
 - Also, holidays and the working time of the apprentices are regulated.

3. Important sectors

- The industry, the commerce, and the construction sectors are the most important ones regarding IVT regulation in CLAs (Cort 14.09.2009, interview).
- In Denmark, CLAs have already played a role in apprenticeship in the formative period of this system (see also Trampusch 2010). Very early on, the Danish collective bargaining agreements regulated not just wages but training issues, too. Collective agreements also regulated separate wage scales for apprentices, based on age gradations, and placed quantitative restrictions on entrance to the trade by specifying maximum ratios of apprentices to journeymen (Galenson 1952: 196-197). Essential for the close interrelationship between unions, collective bargaining and training was the fact that craft unions made the completion of an apprenticeship a precondition of membership (Galenson 1952: 196), which was also confirmed in collective agreements. For example, the agreement in the metal trades committed the union 'not to accept a worker as a skilled member, unless he has produced his journeyman credentials' (Galenson 1952: 196).

4. Structure, Organization, and Mode of Administration

- There are no funds established through CLAs in initial vocational training in Denmark.
- However, there exists the Employers' Reimbursement Fund (Smistrup 16.10.2009, interview).
 - The Employers' Reimbursement Scheme is not only employer-dominated, but is organized in parity (Cort 14.09.2009, interview). Both representatives of employers and employees are working in the board of management of this fund. There is equal representation of employers and employees (Bundesministerium für Bildung und Forschung 2004: 162).
 - This scheme is an independent institution under the pension fund ATP from 1964. The relationship between the pension fund and the employers' reimbursement scheme is only institutional and not on the policy level (Cort 14.09.2009, interview).

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

- In general, CLAs cannot be extended to cover employers who are not parties (Nielsen 2005: 16).

6. Financial Structure of the Collectively Negotiated Schemes

- There is only one fund in the IVT system: the Employers' Reimbursement Scheme.
 - All employers pay an amount into a fund called the Employers' Reimbursement Scheme. The amount is based on the number of employees in the individual company. The money is then allocated to the companies hiring trainees, in order that they do not bear the cost of training alone (ReferNet Denmark 2007: 26). In 2006, the companies contributed 3,208 million DKK and got reimbursed 3,554 million DKK (ReferNet Denmark 2007: 26). All employers have to contribute to this fund regardless of having apprentices or not (Cort 14.09.2009, interview).
 - Furthermore, the state also contributes to the fund (Bundesministerium für Bildung und Forschung 2004: 162).
 - The AER is financed by contributions paid by all private as well as public sector employers (Cort 2002: 106). The contribution to the fund is in proportion to the number of full-time employees and refunds most of the costs of providing IVT (Winterton 2007: 289).

7. Benefits and Measures of the Collectively Negotiated Schemes

- The regulations for apprentices are part of the overall collective agreements. The working conditions are the same for all workers (Cort 14.09.2009, interview).
- There are also regulations for the wages paid per hour for the corresponding sector in the CLAs (e.g. industry agreement) (Cort 14.09.2009, interview).
- Apart from wages, working hours and holidays, all other regulations are included in the individual learning contracts between the employer and the apprentice (Smistrup 16.10.2009, interview).
- Concerning the costs of courses and wages in particular, teaching is free of charge for the students, and students in the basic program who do not have a training agreement can receive grants from the Danish State Education Grant and Loan Schemes if they meet the

required criteria. The wages are between DKK 8,000 and 12,000 a month and are spelt out in the collective agreement. The wages vary between the industries (Danish Ministry of Education 2009).

- The employers' reimbursement fund pays the wages, transportation costs, internship expenses, tuition fees, and expenses for internships abroad. It is important to note that the money is paid to the employer (Bundesministerium für Bildung und Forschung 2004: 161-162).

8. Coverage Rates of the Collectively Negotiated Schemes

We have not found any evidence. In general, however, the coverage rates of collective agreements are relatively high in Denmark: For example, in 2001 the adjusted coverage rate was 89 per cent in Denmark (related to the number of employees covered) (Traxler/Behrens 2002: Aggregate coverage).

9. The Politics Around the Collectively Negotiated Schemes

- The social partners have a high influence on IVT and they have the right to give advice to new legislation in the area (Smistrup 16.10.2009, interview).
- There is a high consensus between the social partners about the importance of IVT. Both sides are interested in skilled workers and therefore IVT is of great importance for them, that is why the employers agreed in regulation. It is not less important than CVT, even though there are less funds (Cort 14.09.2009, interview).
- Following Smistrup (16.10.2009 interview), there is high consensus among the partners in general, only when it comes to some financing questions or the content of the qualifications there are some disagreements.
- According to Cort (14.09.2009, interview), the employers' reimbursement scheme could not give the social partners more power. From a historical point of view, the social partners always have had a big influence on the entire IVT system and this scheme only is 'a reflection' of the power of the social partners in this domain.

Linkages to Public Reform Policies

We have not found any evidence.

Linkage to Wage Agreements and Wage Policy (e.g. Wage Restraint, Tripartite Agreements) and Other Agreements

We have not found any evidence.

10. Recent Developments and Other Interesting Information

We have not found any evidence.

11. Contacted Experts

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

- Cort, Pia 16.09.2009, Researcher at the Department of Curriculum Research, Copenhagen, 14.09.2009, telephone interview.
- Smistrup, Morten, 16.09.2009, Danish Confederation of Trade Unions, telephone interview.

12. List of Abbreviations

- AER: *Arbejdsgivernes Elevrefusion* (Employers' Reimbursement Fund)
- CLA : collective labor agreement
- CO-industri: *Centralorganisationen af industriansatte i Danmark* (Central Organization for Industrial Employees)
- CVT: continuing vocational training
- DA: *Dansk Arbejdsgiverforening* (Confederation of Danish Employers)
- DI: *Dansk Industri* (Confederation of Danish Industries)
- DKK: *Dansk Krone* (Danish krone)
- EUR: Euro
- IVT: initial vocational training
- LO: *Landsorganisationen i Danmark* (Danish Confederation of Trade Unions)
- REU: *Rådet for de grundlæggende erhvervsrettede uddannelser* (Advisory Council for Initial Vocational Education and Training)

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Appendix I: Role of Social Partners in the Administration of Public IVT System in Denmark

Structure, Organization, and mode of Administration

The IVT system in Denmark is generally governed and administrated by the state. However, the social partners are involved in several institutions:

- Advisory Council for Initial Vocational Education and Training (*Rådet for de grundlæggende erhvervsrettede uddannelser*, REU)
 - This council is composed of 20 social partner members, the school leader and teacher associations and some members appointed by the Ministry of Education.
 - The REU advises the Ministry of Education on all kind of matters that concern the IVT system. It monitors the labor market trends and the existing programs. On this basis it recommends the adaptation or establishment of the new programs. The council is responsible for general national issues in Denmark (Cort 2005: 14).

- The trade committees (*de faglige udvalg*)
 - The employers and employees set up a number of trade committees – 58 in 2005. The trade committees lay down the detailed content of the education and training programs. This applies to the duration and structure of the programs, their objectives and assessment, as well as to the division between practical training and school-based teaching (Danish Ministry of Education 2009).
 - Employers and employees are equally represented in the trade committees.
 - The trade committees are responsible for the companies to undertake training during an internship and are responsible for monitoring the in-company training (Danish Ministry of Education 2009). They also monitor the objectives, the duration, the content, the final examination standards and the issued final certification of the IVT programs (ReferNet Denmark 2005: 30).
 - The national trade committees provide advice on specific IVT qualification which are of importance in their correspondent sector. In 2005, 58 trade committees existed in Denmark. For each individual IVT course a trade committee has to be established.
 - The role of the social partners in the committees is to ensure that the IVT system is consistent with the demands of the enterprises and the labor market (Cort 2005: 15).

- The local training committees (*de lokale uddannelsesudvalg*):
 - At the IVT colleges, the trade committees appoint local education committees for each of the programs at the college. At the local level, they advise the colleges about the

planning of the program and work for the development of cooperation with local trade and industry (Danish Ministry of Education 2009).

- The committees are composed of members representing the organizations represented on the national trade committees and representatives from the college, teachers and trainees.
- They give advice to the colleges concerning the IVT programs and strengthen the cooperation between the colleges and the labor market (Cort 2005. 15).

Role of the State: Financial Support, Legislation, and Extension Procedures

- The Danish Parliament (*Folketing*) decides the general framework for the vocational education and training system. This is the case for the management, the structure and the objectives of the programs as well as the frameworks for other actors' tasks and development (Danish Ministry of Education 2009).
- The Ministry of Education sets out the overall objectives for the initial vocational training programs and provides a framework for the stakeholders i.e. the social partners. Furthermore the Ministry is responsible for the allocation of the resources and the breadth of the programs (ReferNet Denmark 2007).
- The Ministry specifies minimum contracts for the individual learning contracts and, therefore, has some influence on the regulations that are included in it (Smistrup 16.10.2009, interview).
- The funding and the allocation of resources are flexible. The initial vocational training provision is regulated through a system of targeted framework governance based on providing taximeter grants per student that are given to the colleges. The system enables a high adaptation at local level by colleges, trainees and enterprises (Cort 2005: 21).
- Following Cort (2002: 31), 'in 1998, the vocational colleges' direct teaching expenditure in the field of IVT amounted to approximately DKK 2.5 billion (EUR 338 million). The expenditure on programs within the trade and clerical area amounted to DKK 657 million (EUR 89 million) and thus made up the largest proportion (26 per cent) of the expenditure on vocational education and training. Total expenditure increased by 41 per cent from 1992 to 1998, from DKK 1.8 billion (EUR 243 million) to DKK 2.5 billion (EUR 338 million)'.

Financial Structure of the IVT Scheme

- IVT is funded partly by the state and partly by the companies. The state is paying for the training at colleges and the companies finance the on-the-job training with salaries (ReferNet Denmark 2007: 26).
- The school-based part of the vocational education and training programs is financed by the state on the basis of a taximeter system (pay per student). The student receives wages from the company for his work during internship. The Employers' Reimbursement Fund reimburses the company for the trainee's wages when the student is attending college (Danish Ministry of Education 2009).