

THE DANISH LABOUR MARKET

August 2011

Content

| | |
|--|---|
| <i>Hiring and firing practices</i> | 3 |
| <i>Business culture and working habits</i> | 4 |
| <i>Salary</i> | 5 |
| <i>Labour costs</i> | 5 |
| <i>Working hours</i> | 6 |
| <i>Labour qualifications and education</i> | 7 |
| <i>Language proficiency</i> | 7 |
| <i>Recruitment</i> | 7 |

Denmark is one of the top two countries in Europe when it comes to competitive salary levels for professionals and management. The Danish workforce is among the most productive in Europe and no restrictions apply regarding overtime work, allowing companies to operate 24 hours a day, 365 days a year. The excellent reputation of the Danish workforce can to a large extent be ascribed to the traditional awareness in Denmark of the importance of education. And the ability to work with equal ease either independently or in project-oriented teams is one of the reasons why Danish businesses can maintain their competitiveness at a high level.

Key facts about the Danish labour market:

- Competitive overall labour cost level
- Highly motivated and productive workforce
- Low frequency of strikes
- Well-organised labour market with good cooperation between the different parties
- Competitive remuneration costs for employees with higher education and management in general

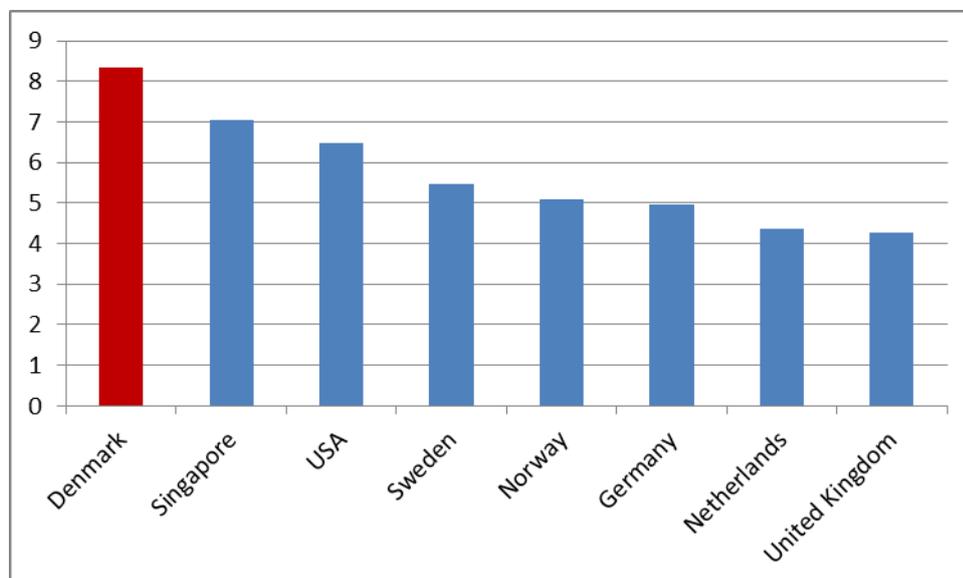
Hiring and firing practices

Contrary to most European countries, basic practices in the Danish labour market are mainly founded on collective agreements between the employers' and the employees' representative organisations, thus ensuring a high degree of consensus in the labour market. Most of the working conditions are negotiated at company level in accordance with each company's specific needs. Together, employers and employees reach mutually binding agreements on labour issues and as a result, Denmark has a low frequency of strikes. In Denmark most people are insured against unemployment and thereby guaranteed a high level of social security, which results in a relatively high degree of labour market flexibility.

Compared to other European countries the Danish rules for termination of contracts are very liberal. Provided that the legal and agreed notices are respected, the employer is entitled to dismiss skilled and unskilled workers at any time, without incurring costs. This makes it easier for an individual business to

adjust the size of its workforce in Denmark, compared to Sweden, United Kingdom, Germany and the Netherlands.

Labor Regulations



Survey: "Labor Regulations (hiring/firing practices, minimum wages etc) do not hinder business activities" on a scale from 1 to 10

Source: IMD 2011

Business culture and working habits

Companies with relatively flat organisational structures are very common in Denmark, leading to higher responsibility for the individual employee. In general, the Danish workforce is perceived as highly motivated by foreign companies operating in Denmark. Danish employees are characterised as being healthily self-critical, with a will to learn and a commitment to improvement. And the work with equal ease either independently or in project-oriented teams. A high sense of responsibility in turn leads to increased productivity and higher earnings. A high level of education combined with independence and flexibility makes the Danish workforce capable of taking on tasks, which elsewhere would be reserved for university educated specialists. Such skills are of crucial importance to companies in today's business world.

Salary

As the below table illustrates, Denmark competes very well on general labour costs (including social costs) for the same positions in selected countries. Salary levels vary in different industries, nevertheless the table below provides an overview of approximate labour costs in 4 European countries.

| | Managing Director/CEO | Head of Marketing | Head of Sales |
|-------------|----------------------------------|--------------------------|----------------------|
| Denmark | 202 000 | 101 000 | 154 000 |
| Sweden | 258 000 | 106 000 | 175 000 |
| Germany | 237 000 | 120 000 | 176 000 |
| Netherlands | 218 000 | 100 000 | 163 000 |

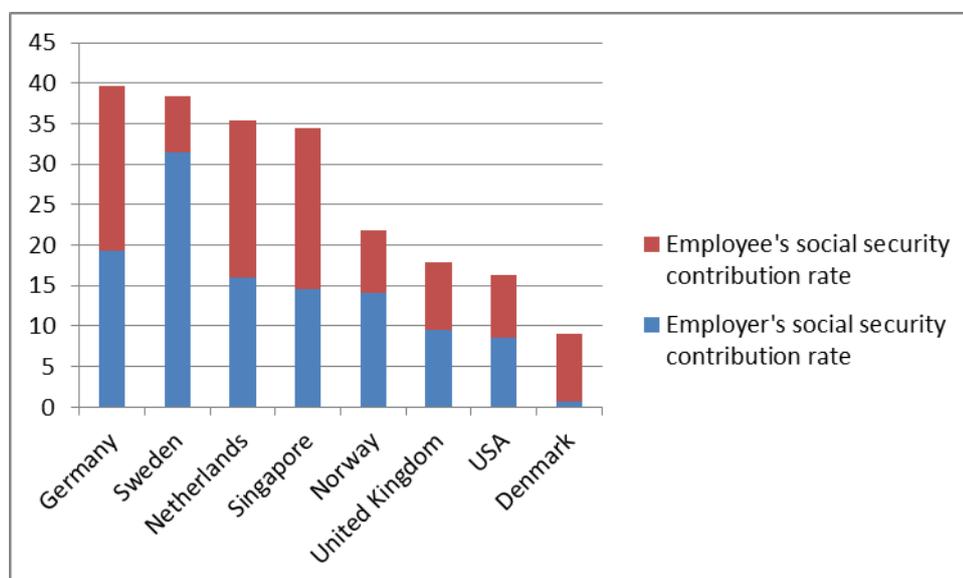
Source: Towers Watson Global Remuneration Planning Report 2010/2011

Labour costs

At first sight, Danish wages may seem high compared to other European countries. The competitiveness of Danish labour costs is, however, visible when one takes into consideration both wages and non-wages, as employers have low cost burdens in terms of social security, labour taxes etc. This makes the overall labour cost very competitive.

The Danish social security system is financed through taxes paid by the employees. In this way Denmark differs from a number of other countries, where major contributions to the social security system come from the employers. In an international perspective, the social security contribution of the Danish employer is much lower than in other countries, and approximates to just 1 percent of normal wages.

Social security contributions



*Compulsory contribution as a percentage of an income equal to GDP per capita
Source: IMD 2011*

Denmark offers a high level of social security. For example, anyone suffering a loss of income due to illness or injury while in active employment has the right to sickness benefit from the first day of absence. Furthermore, it is becoming increasingly common to guarantee employees full salary on the first day of a child's illness. However, an employed parent is allowed no more than one day off work in this situation.

Working hours

The rules for working in Denmark are in general among the most flexible and liberal in Europe. The normal working hours in Denmark are 37 hours in a five-day week. Every year 5 weeks of paid vacation are guaranteed to all employees. Many groups in both the public and the private sector have an additional 5 days holiday.

Denmark follows the same general rules laid out by the European Union as countries normally compared to (in the EU). Minor variations may occur. The rules include a 48-hour maximum working week (on average over a reference period not exceeding four months) and a minimum daily rest period of 11 hours.

In contrast to many other European countries, no restrictions apply in Denmark regarding night and weekend work, which means that companies are allowed to operate 24 hours a day, 365 days a year. To meet unexpected changes in demand, the collective agreements make it easier to adjust working hours.

Labour qualifications and education

Denmark has a high awareness of the importance of education and a tradition for life-long education at every level of employment. Denmark offers a wide range of educational institutions, business schools, universities etc. in which the Danish Government has invested heavily. The public education system is free and private institutions offer high quality at low costs. As a result, Denmark has a well-educated population with a high proportion of university graduates. The percentage of the population that has attained at least upper secondary education is 80%. This is among the highest in the European Union.

The availability of skills is vital for a well-functioning labour market. The Danish Government and the private industry in Denmark give high priority to staff training and upgrading of qualifications, including unemployed workers.

Language proficiency

The Danish population has excellent foreign language capabilities, as Denmark is relatively small and internationally oriented. There is no problem finding multi-lingual staff in Denmark; 80% of the Danish workforce speak English, 53% German, 11% French and 10% Swedish. Additionally 2% of the Danish population speaks Dutch, 2% speak Spanish and 1% speaks Italian.

Recruitment

It is generally advised to cooperate with recruitment companies with many years of experience and understanding of the market to undertake the recruitment process in order to ensure the correct match of professional and personal competencies in the right jobs. In the case of wage earning (blue collar) employees, vacancies are often filled through assistance from the publicly financed Public Employment Service (Arbejdsformidlingen), whose services are normally free of charge.

We speak business

Invest in Denmark provides your company with a tailor-made solution for locating your business in Denmark. We measure our success by how well we contribute to yours. So if your company is considering a business or R&D set-up, or looking to access one of Europe's most skilled talent pools, make us your first stop.

Our specialized staff across the globe has the corporate background, industry insight and well-connected networks to advise you on every aspect of locating in Denmark. Not just when you set up, but also as your business grows. Our tailor-made solutions include connecting companies with key local contacts, arranging fact-finding tours and providing comprehensive benchmark analyses. We make sense of local legislation and advantages of locating in Denmark - all free of charge and in guaranteed full confidentiality.

We look forward to hearing from you

Headquarters

Invest in Denmark
Ministry of Foreign
Affairs of Denmark
Asiatisk Plads 2
1448 Copenhagen K
Denmark
Tel.: +45 33 92 11 16

Europe

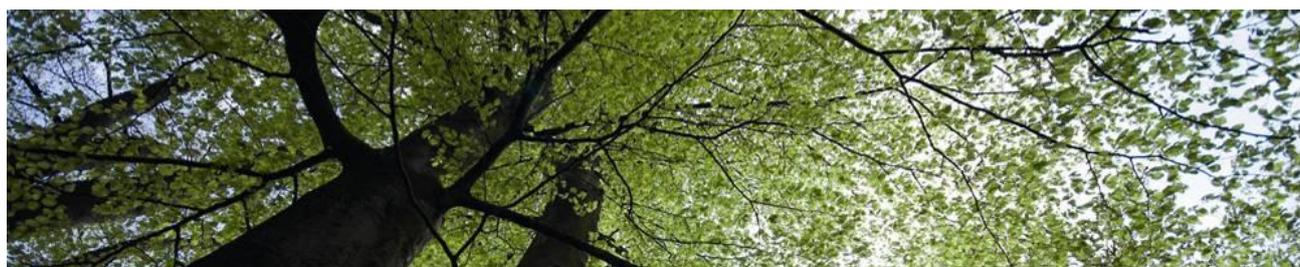
Invest in Denmark
Ambassade Royale du
Danemark
77, Avenue Marceau
75116 Paris
France
Tel.: +33 1 4431 2193

North America

Invest in Denmark
Royal Danish Consulate
General
885, Second Avenue,
18th Floor
N.Y. 10017 USA
Tel.: +1 212 223 4545

Asia-Pacific

Invest in Denmark
Shanghai Technology
Innovation Center
100 Qin Zhou Road, 2nd
building, 711, Shanghai,
200235 China
Tel.: +86 21 6085 2000



The information stated here may contain errors or omissions. Invest in Denmark and our partners disclaim any and all liability for any loss or damage caused by such errors or omissions.

idd@um.dk www.investindk.com