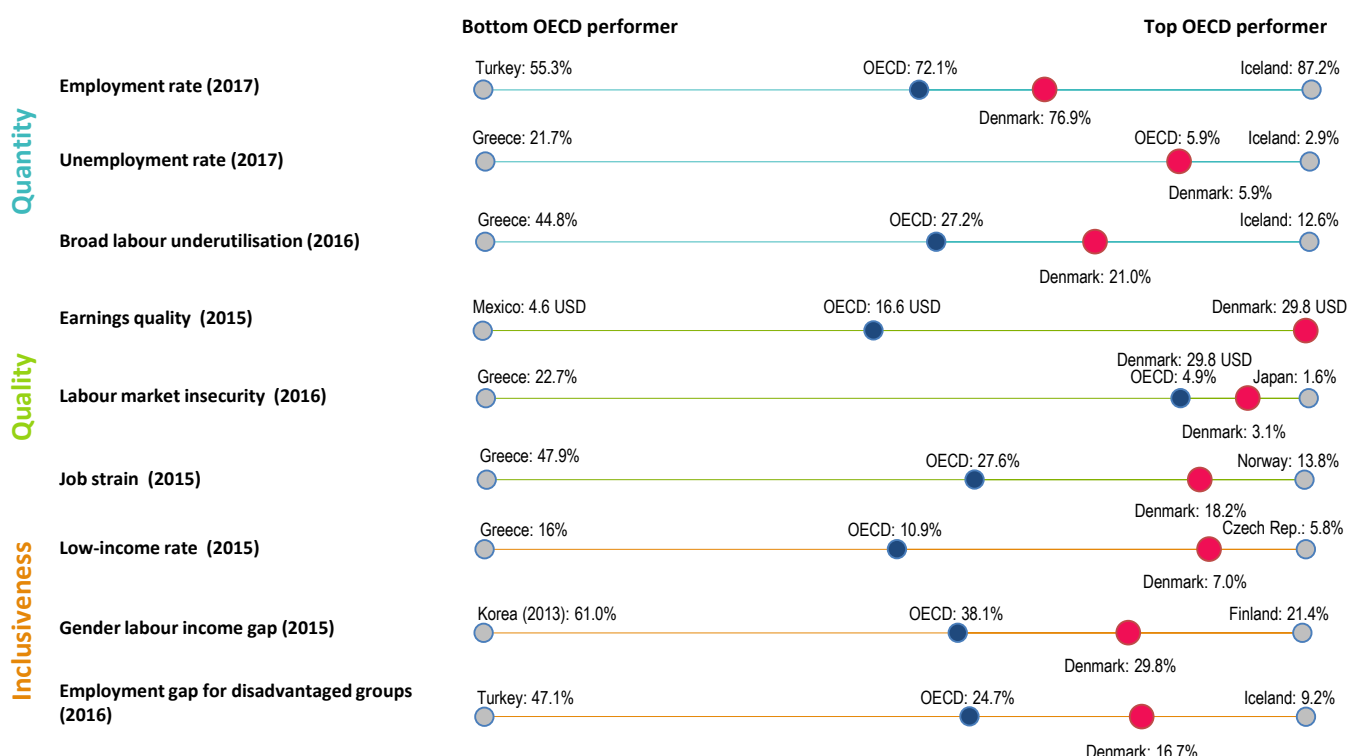


How does DENMARK compare?

The digital revolution, globalisation and demographic changes are transforming labour markets at a time when policy makers are also struggling with slow productivity and wage growth and high levels of income inequality. The new *OECD Jobs Strategy* provides a comprehensive framework and policy recommendations to help countries address these challenges. It goes well beyond job quantity and considers job quality and inclusiveness as central policy priorities, while emphasising the importance of resilience and adaptability for good economic and labour market performance in a rapidly changing world of work.

Dashboard of labour market performance for Denmark



Notes: Employment rate: share of working age population (20-64 years) in employment (%). Broad labour underutilisation: Share of inactive, unemployed or involuntary part-timers (15-64) in population (%), excluding youth (15-29) in education and not in employment (%). Earnings quality: Gross hourly earnings in PPP-adjusted USD adjusted for inequality. Labour market insecurity: Expected monetary loss associated with the risk of becoming unemployed as a share of previous earnings. Job strain: Percentage of workers in jobs with a combination of high job demands and few job resources to meet those demands. Low income rate: Share of working-age persons living with less than 50% of median equivalised household disposable income. Gender labour income gap: Difference between per capita annual earnings of men and women (% of per capita earnings of men). Employment gap for disadvantaged groups: Average difference in the prime-age men's employment rate and the rates for five disadvantaged groups (mothers with children, youth who are not in full-time education or training, workers aged 55-64, non-natives, and persons with disabilities; % of the prime-age men's rate).

ASSESSING JOB QUANTITY, QUALITY AND LABOUR MARKET INCLUSIVENESS

The new *OECD Jobs Strategy* presents a dashboard of labour market performance that provides a comprehensive overview of the strengths and weaknesses of different national labour markets, going well beyond the standard measures of employment and unemployment rates. These include measures of job quantity (employment, unemployment and broad underemployment), job quality (pay, labour market security, working environment) and labour market inclusiveness (income equality, gender equality, employment access for potentially disadvantaged groups). Some countries score well on most or all

indicators, implying that there are no hard trade-offs that prevent countries from performing well in all areas.

- Denmark scores in the top third of OECD in terms of the employment rate and labour underutilisation. The unemployment rate is at the OECD average, reflecting somewhat higher unemployment among workers aged 25-44 compared to other countries. Employment has grown steadily since 2013, in part due to policy



measures to enhance labour market participation of foreign born people.

- Earnings quality is the highest among OECD countries due to the combination of high average gross wages and low wage inequality. Denmark also ranks at the top on quality of the working environment, with less than a fifth of workers experiencing job strain. Labour market insecurity is well below the OECD average even though Denmark has one of the highest turnover rates in OECD countries. This reflects the Danish flexicurity labour market model, combining flexible rules for hiring and dismissals, sizeable unemployment insurance benefits and comprehensive active labour market policies. As a result, the duration of unemployment tend to be short and the incidence of long-term unemployment is low compared to other countries.

- Denmark scores in the top ten of OECD countries on all three indicators of labour market inclusiveness. Only 7% of working-age persons live in households with less than 50% of the median income, which would decline further by excluding the many students living by themselves. The gender labour income gap is slowly declining and is among the smallest in OECD countries. The 30% gap between men and women's labour incomes includes the accumulated differences in participation, hours worked and wages. Considerable part-time work by women is the main driver of the gap in Denmark. The employment gap for disadvantaged groups is among the lowest in OECD countries and has declined over the last decade, particularly due to rising employment among seniors.

FRAMEWORK CONDITIONS FOR RESILIENCE AND ADAPTABILITY

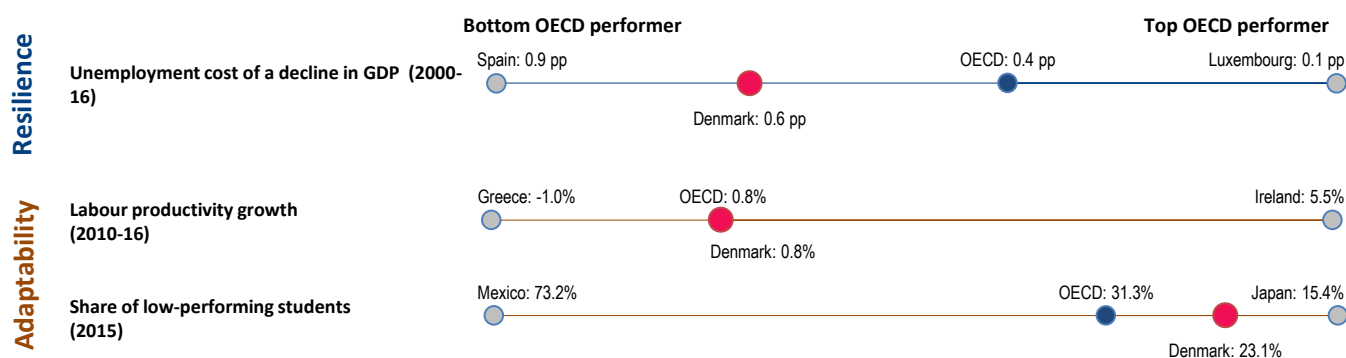
Labour market resilience and adaptability are important to absorb and adjust to economic shocks and make the most of new opportunities. Resilience is crucial to limit the short-term costs of economic downturns. Labour productivity is a key precondition for high growth of output, employment and wages and central to long-term growth in living standards. Finally, skills are key to improving workers' productivity and wages and provide an indication of the readiness to respond to future challenges.

- Labour market resilience is slightly below the OECD average, partly reflecting developments during and after the global financial crisis when unemployment

rose by more than 4 percentage points over 2008-2011 from a record low level in an overheated economy in 2008.

- Labour productivity growth during 2010-2016 ranks in the lower half of OECD countries and around the OECD average. Weak productivity growth partly reflects the fact that the level of productivity in Denmark is among the highest in OECD countries.
- Student skills are well above the OECD average. Still, more than 20% of 15-years olds score below the baseline proficiency level in mathematics.

Framework conditions for Denmark



Notes: Resilience: average increase in unemployment rate over 3 years after a negative shock to GDP of 1% (2000-16); Labour productivity growth: annual average productivity growth (2010-16), measured in per worker terms. Share of low performing students: Share of 15-year-olds not in secondary school or scoring below Level 2 in PISA (%) (2015).