# Work Package 3: Industrial Relations pre-Covid19

DENMARK(Summary)

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## Part I: General overview of Industrial Relations in Denmark pre-COVID-19

The industrial relations (IR) system is highly institutionalised with rules for negotiations and conflict resolution, based on the *September Compromise* from 1899. In accordance to the compromise, industrial relations are primarily regulated through collective agreements signed by the social partners, and legislation plays a discrete role in the area of wages and working conditions.

According to the September Compromise, it is not legal to strike (or lockout) while a collective agreement is in force – the peace obligation applies. When strikes or lockouts are taking place during the collective bargaining rounds, they are principally legal (the right to conflict) – but only then. However, due notice has to be given (two weeks), an arbitrator has to be involved before a second notice can be given (two week) etc. As such, the system for solving grievances are highly institutionalised and all parties, unions as well as employers’ organisations, adhere the system. However, strikes are still occurring when workers are unsatisfied about working conditions or others issues. When that happens, the Danish industrial relations system has a so called ‘conflict ladder’ where any grievance is sought solved on the lowest step of the ladder. This system is also very clear and refined.

Such a system is possible because of a) a high union density (around 68 per cent), active employers’ organisations (density 53 per cent in private sector and 100 per cent in public sector) and relatively high collective bargaining coverage (83 per cent across sectors).

While the peak organisations DA (Dansk Arbejdsgiverforening - Danish Employers’ Confederation) and FH (Fagbevægelsens Hovedorganisation – Danish Trade Union Confederation) are outlining general policies and institutions, actual collective bargaining of wages and working conditions takes place at sector level.

In the private sector, the leading organisations at sector level on the employers’ side are the Confederation of Danish Industry (DI – Dansk Industri) and the Danish Chamber of Commerce (DE - Dansk Erhverv). Together, they represent almost 90 per cent of the total enterprises in private sector covered by DA.

On the union side, within the private sector, the Central Organisation of Industrial Employees in Denmark (CO-industri) is a major stakeholder in the union confederation FH with a lot of bargaining leverage. Members of CO-industri are some of the large unions like United Federation of Danish Workers (3F - Fagligt Fælles Forbund), Danish Metalworkers' Union (Dansk Metal) and the private branch of Union of Commercial and Clerical Employees in Denmark (Handels- og Kontorfunktionærernes Forbund, HK Privat).

Traditionally, collective bargaining is taking place at sector level, while details in the sector agreement is negotiated at company level. However, the Danish collective bargaining system has undergone a process of centralised decentralisation – or organised decentralisation - i.e. while the framework is laid out in sector level collective agreements, a still growing latitude for local negotiations has been implemented in the agreements over the last three decades. The fundament for such a development is a highly institutionalised IR-system with strong unions and competent shop stewards at company level, who are able to negotiate with management. Hence the ‘organised’ in organised decentralisation.

While the State has a relatively withdrawn role, tripartite cooperation and regulation plays an important role, especially when major welfare state issues are at stake (i.e. pension, paternity leave, vocational training). Quite often, the State, employers’ organisation and trade unions work out solutions that divide the responsibility between collective agreements and legislation. As such, the Danish model is mainly to be considered a coordinated market economy (CME) even though the regulation in some areas (like rules for dismissal) are quite liberal.

## Part II: Industrial Relations in aviation pre-COVID-19 in France

Economically, the aviation sector has been under considerably strain over the first two decades of the 21st century. Fierce competion from low cost airlines has forced legacy airlines to implement business models more akin to the business models of low cost airlines.

While SAS originally was a company owned by the three states Norway, Denmark and Sweden, from 1994 and onwards, stocks were sold to private investors. As of 2019, the Swedish and the Danish state owned 14.8 % respectively 14.2 % of SAS while the remaining was in the hands of private investors.[[1]](#footnote-1) However, SAS has recurrenly received financial support from the various Nordic governements and as such the legacy airline seems have received special treatment.

All in all Danish airports had some 36 million passengers in 2019. That equals six passengers per capita in Denmark. The main major airport in Denmark, Copenhagen Airport had 30 million passangers in 2019. Copenhagen Airport was owned by the state untill 1994 and major parts of the airport became joint stock owned. As of 2019, the airport The two dominating investors in CPH has been Macquaries, an Australian based hedge fund with a huge portfolio in airports, While Macquaries was part of the ownership from 2005 to 2017, ATP bought the last of Macquaries stocks in 2017. As of 2021, CAD (Copenhagen Airports Denmark, effectively owned by the Canadian Ontario Teachers’ Pension Plan and the Danish pension plan group ATP Group (Arbejdsmarkedets Tillægspension)) owns 59.4 per cent of the stocks, the Danish state owns 39.2 and the remaining 1.4 per cent is on private hands.

While negotiations on the Danish labour market generally are between sector level unions and employers organisations, the legacy airline SAS has a different set-up. SAS is member of the employers’ organisations DI (Confederation of Danish Industry), however the pilots’ and the cabin crew’s unions are company unions with only members employed in SAS: Danish Airline Pilots Union (Dansk Pilot Forening, DPF) and Cabin Attendants Union (CAU). This set-up is very unusual in Danish IR. These SAS specific unions have historically been quite strong, and from 1960s to 1990s, they have been able to negotiate very good wages and working conditions.

Other pilots and cabin crew are represented by FPU (Flight Personnel Union) which is part of FH (Danish Trade Union Confederation).

As international competition became still more fierce from the mid-1990’s onwards, constant restructurings (read: cuts in wages and personnel) in SAS have generated turmoil over the last two decades, leading to recurring conflicts between SAS’ management and pilots as well as cabin crew. While SAS had some 35,000 employees in the beginning of 1990’s, only about 10,000 was employed in SAS in 2019 and a quarter of the SAS fleet was wet leased. Over the years, negotiations have led to concessions from unions, and the recurrent conflicts have eroded trust and loyalty in the company – a feature that in the old days were crucial.

Sometimes, ground staff are engaging in conflicts too – however, they are often solved quite fast in accordance to the institutionalised conflict resolution model in Danish IR.

While all low cost airlines put SAS under pressure, most attention has been on Ryanair as this airline has challenged the Danish labour market model more than any other has. Ryanair made a base in the 2nd biggest airport Billund in 2012 without signing collective agreements. In 2015, Ryanair started flying form Copenhagen, but was taken to Labour Court for not negotiating collective agreements, as they were obliged to. Ryanair lost the court case to the trade unions, led by the then LO (today FH – Danish Trade Union Confederation, and consequently, Ryanair abolished all bases in Denmark. However, Ryanair continued operating in Denmark, only from bases in Lithuania and Poland, and as of 2019, Ryanair was the 3rd largest airline in Copenhagen after SAS and Norwegian. Ryanair still has not closed any collective agreements in Denmark, despite now operating again with a base in Billund – but with individual contracts with cabin crew and pilots.

Ground crew in Danish airport are adhering the Danish model, based on centralized decentralization; while the sector agreement is the base, there is quite some latitude for local negotiation of details and improvements at company level. All ground crew have a collective agreements; the dominant union here is 3F (United Federation of Danish Workers), organizing luggage and firefighters. Generally, the ground crew unions have a very high union density, and the unions are standing strong in Copenhagen Airport vis-á-vis employers, as they are pivotal for the functioning of the airport. For most part, employers are members of an employers’ organisation.

1. In 2021, under the impression of C-19, SAS recapitalized and as of 2022, the Danish and the Swedish state owns 21.8 % each. [↑](#footnote-ref-1)