

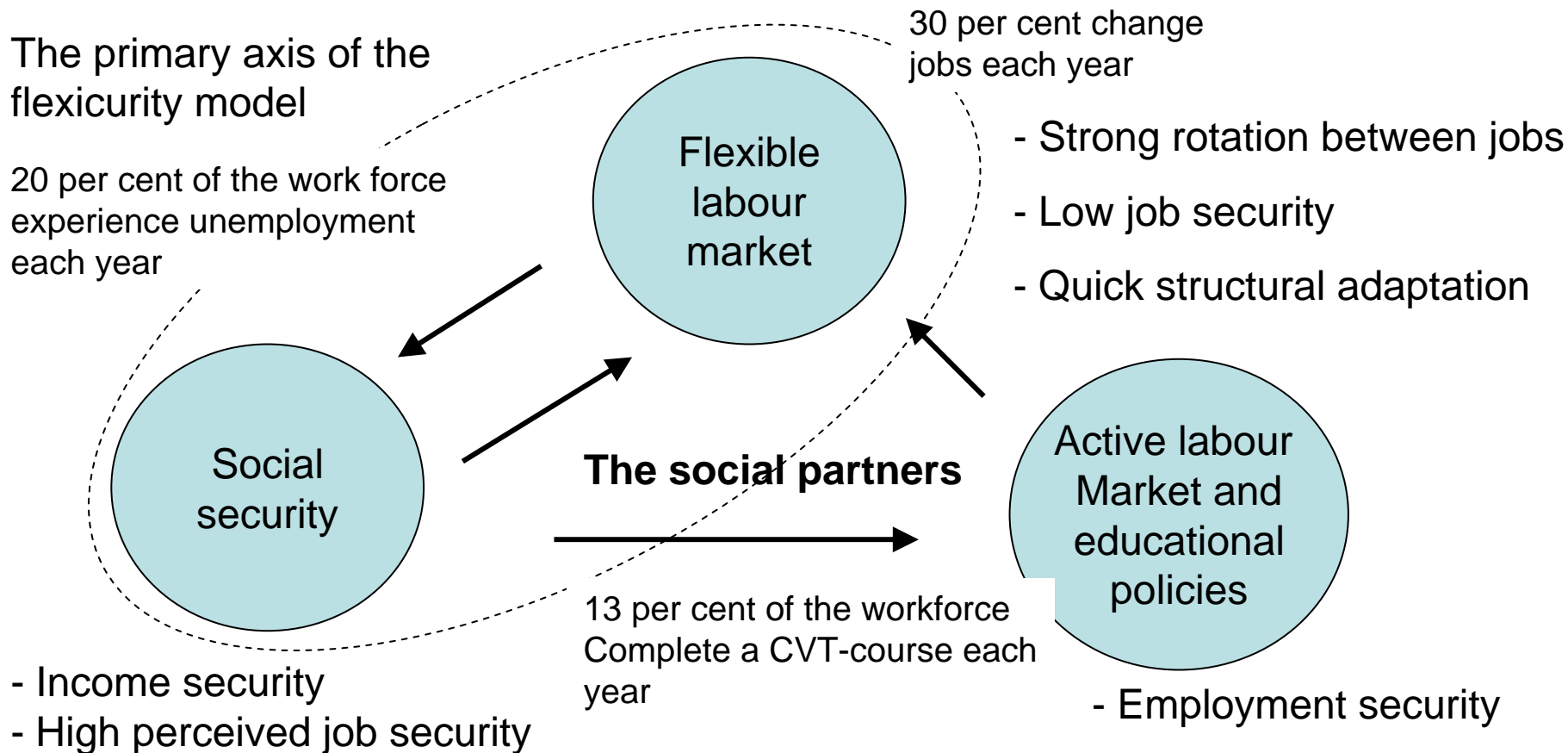
# **Denmark's performance as a service economy**

Mr. Soren B. Henriksen  
Danish Chamber of Commerce

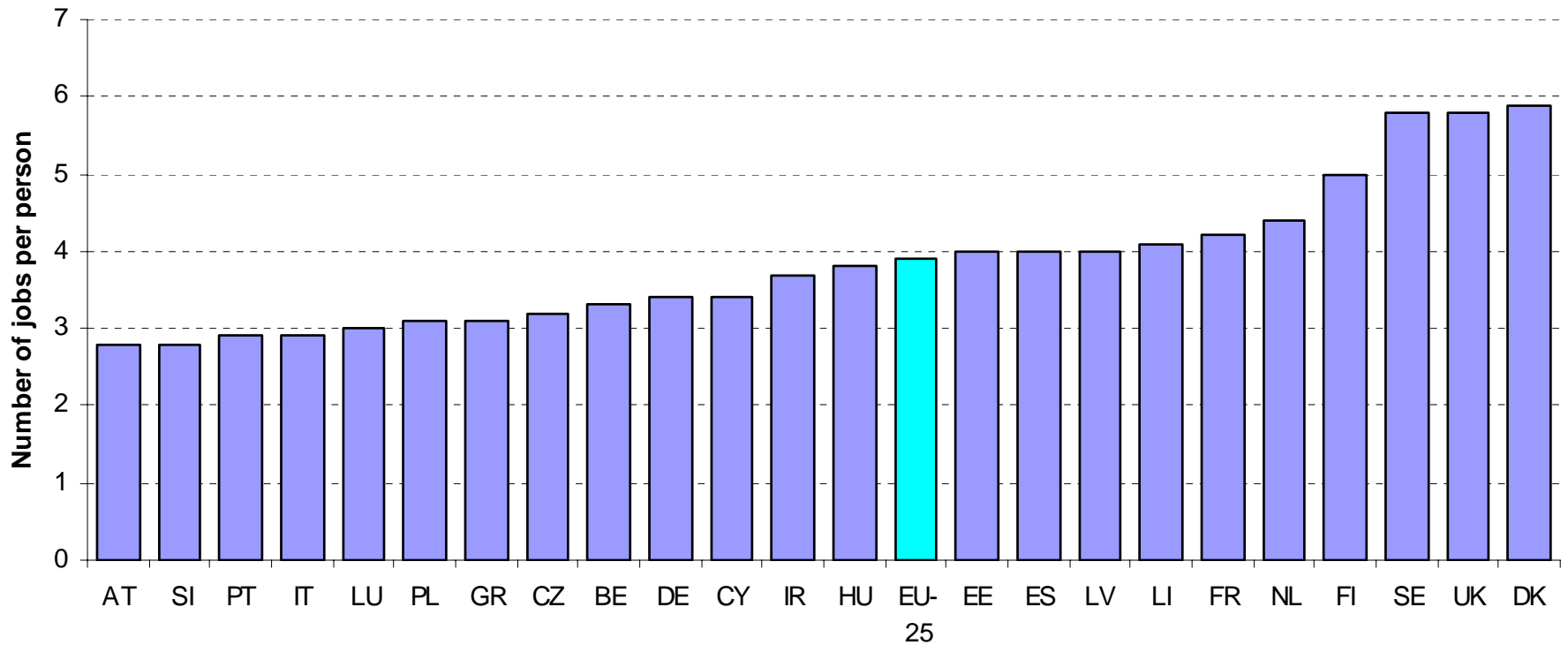
# Outline of presentation

- **I:** "The Danish Model" – social facts about Denmark, the Danish welfare state and the Danish flexible economy.
- **II:** Leadership values – a look at Danish work culture and the challenge of leading individualised employees.
- **III:** Facing the global challenge – an analysis of Denmark in the global world
- **IV:** Network as the new mechanism for business – how to compete in the future

# Basic figures of the Danish flexicurity system (1950-)



# Job-to-job mobility 2004

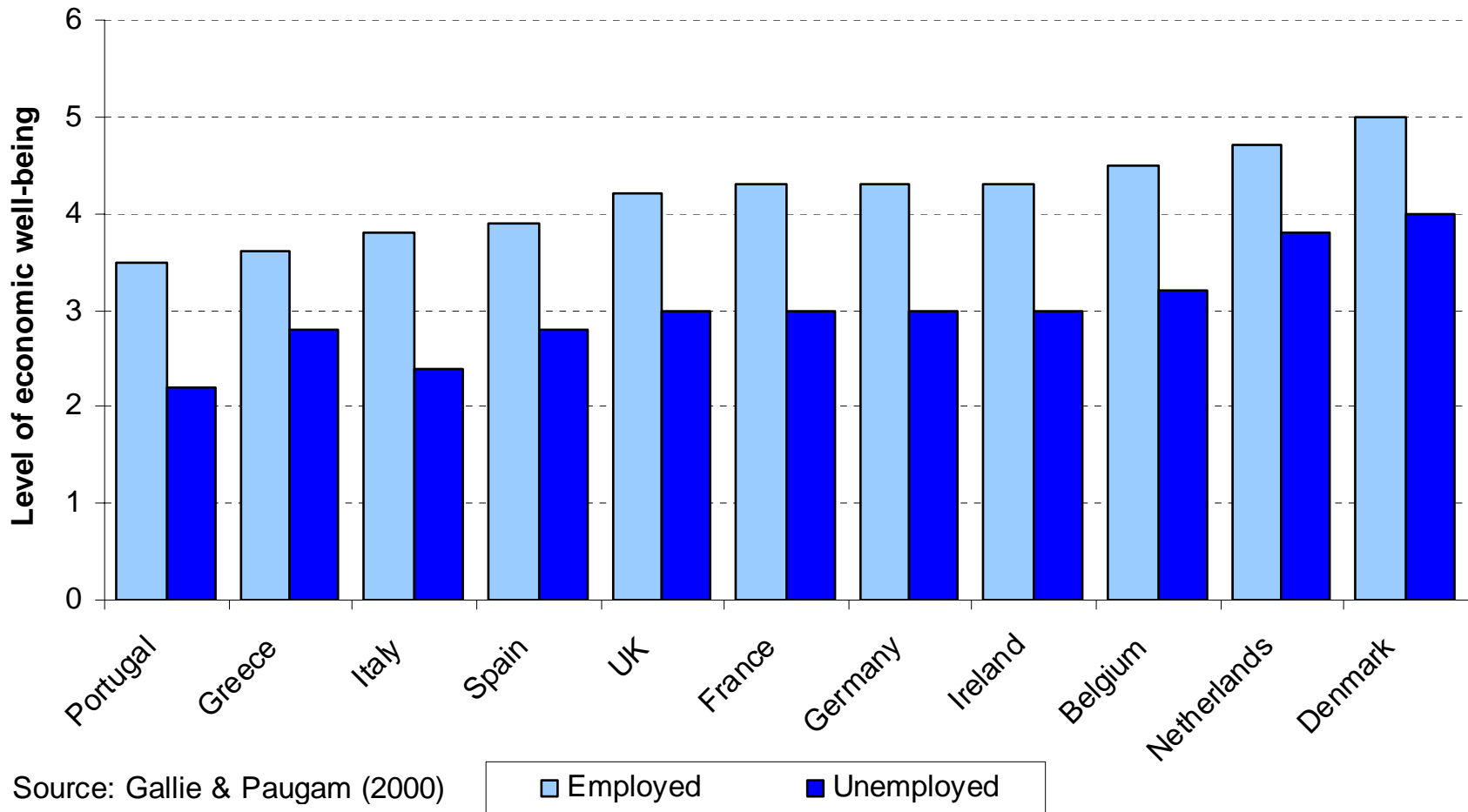


# Job turnover in Denmark

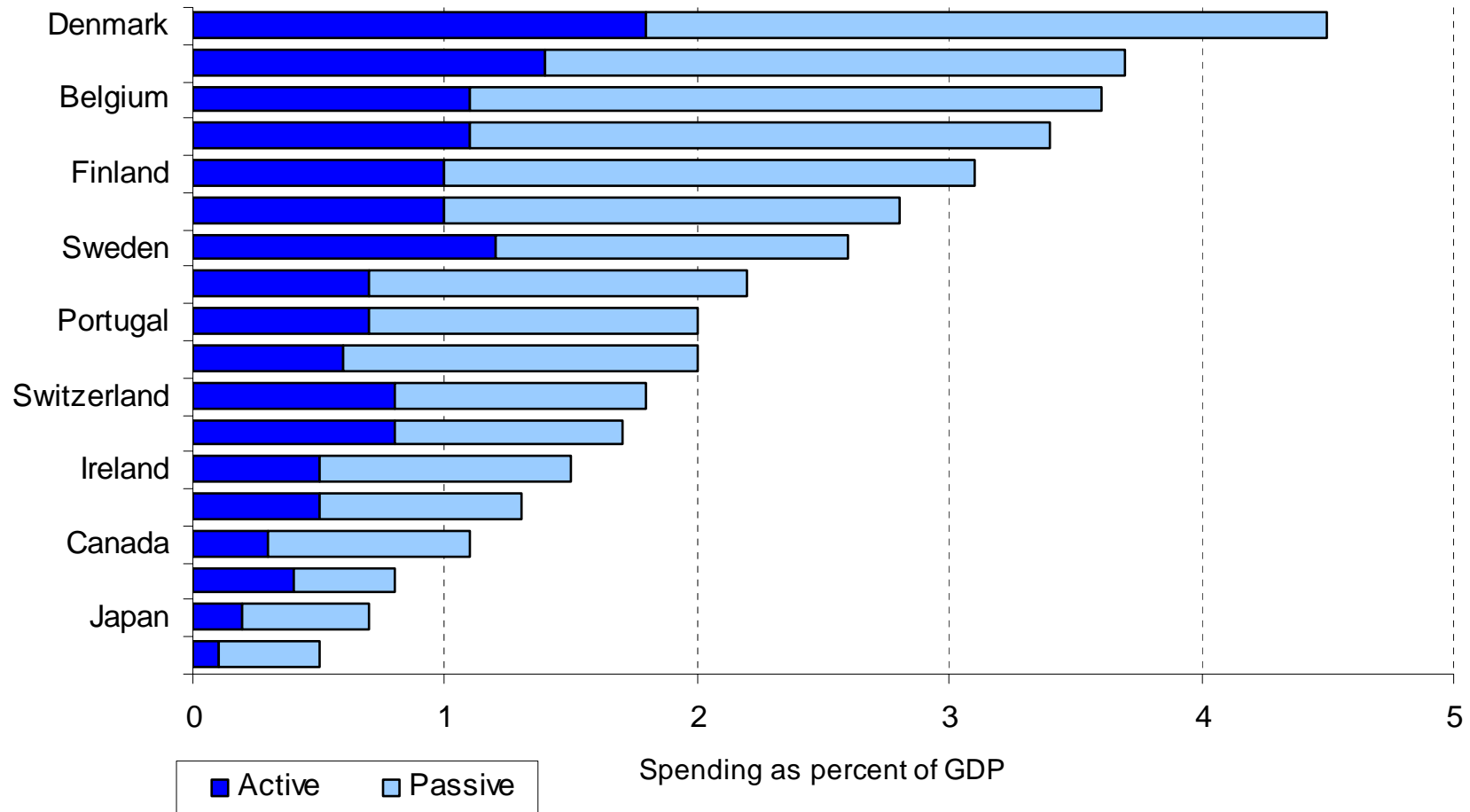
<b>Job turnover</b>		
Job creation	285.000	12.1 per cent
Job destruction	266.000	11.4 per cent
<b>Shifts</b>		
New jobs	737.000	30.8 per cent
Leaves (80% voluntarily)	714.000	30.2 per cent

Source: AErådet on behalf of IDA.

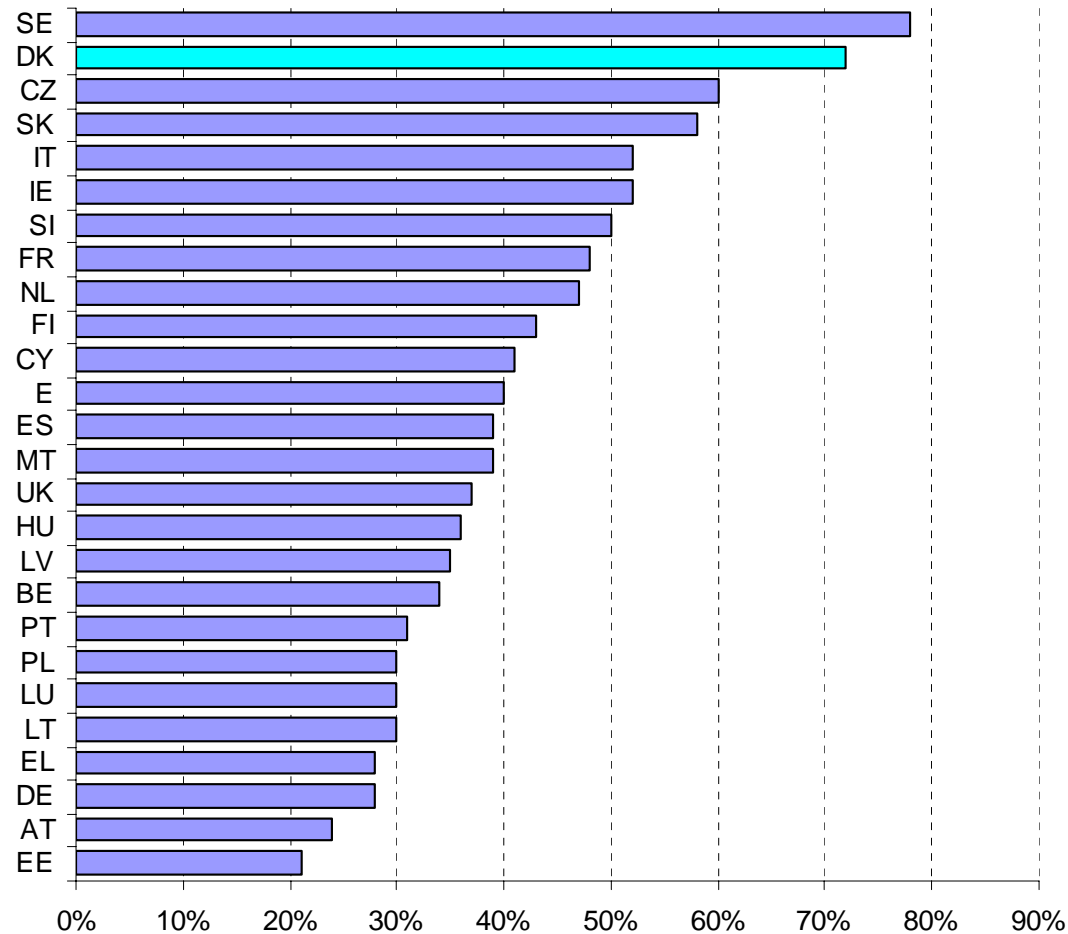
# Level of economic well-being



# Expenditures for labour market

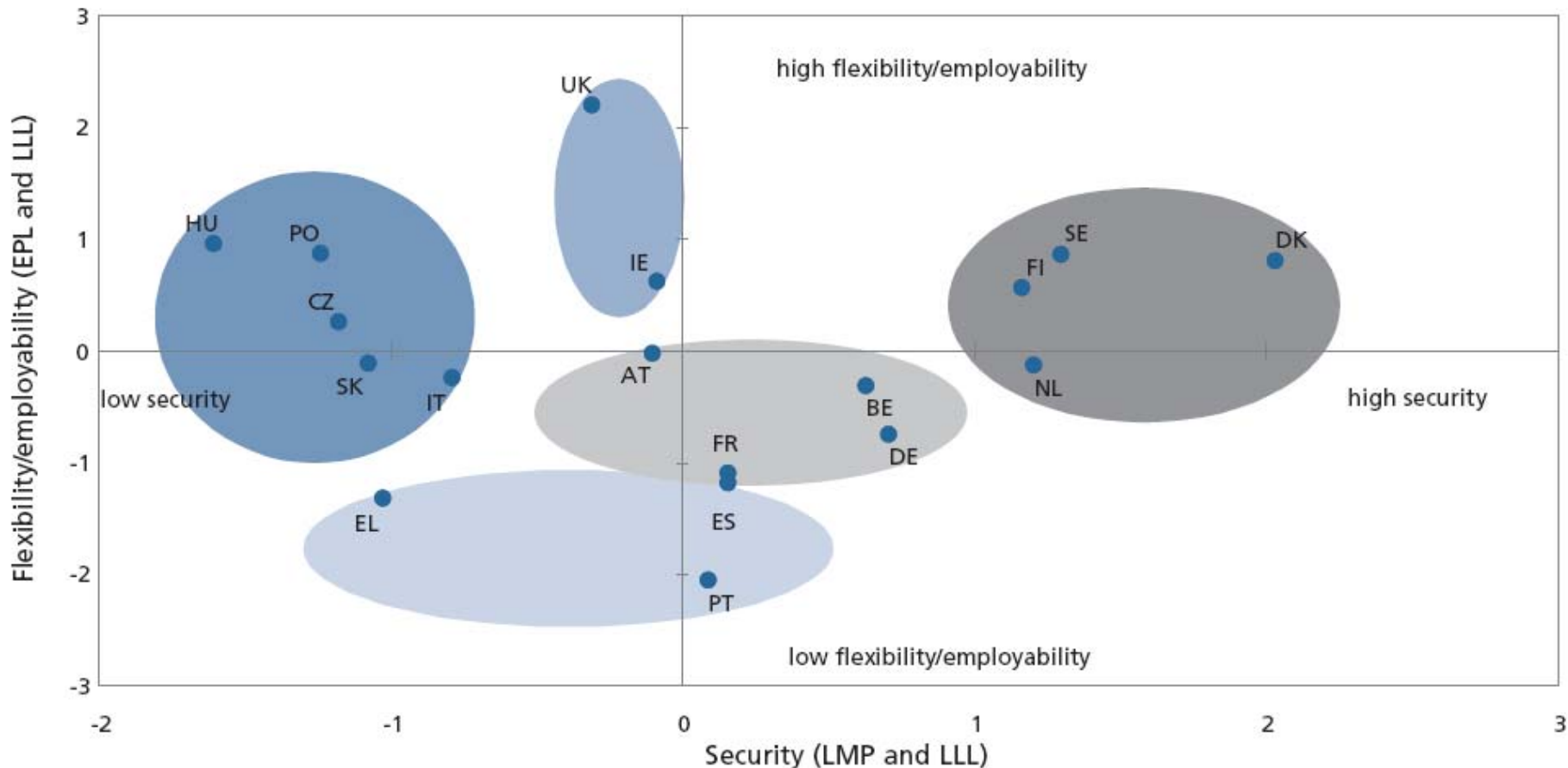


# Percentage of people who think changing jobs every few years is good





# The "flexicurity chart of Europe"



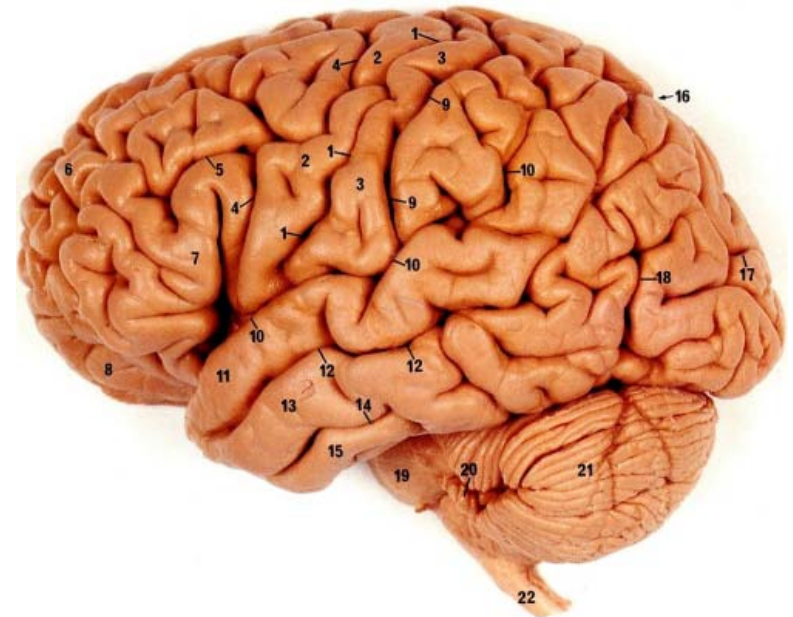
Sources: DG EMPL calculations from Eurostat and OECD data.

# New leadership values

From the administration of machines



To the administration of brains



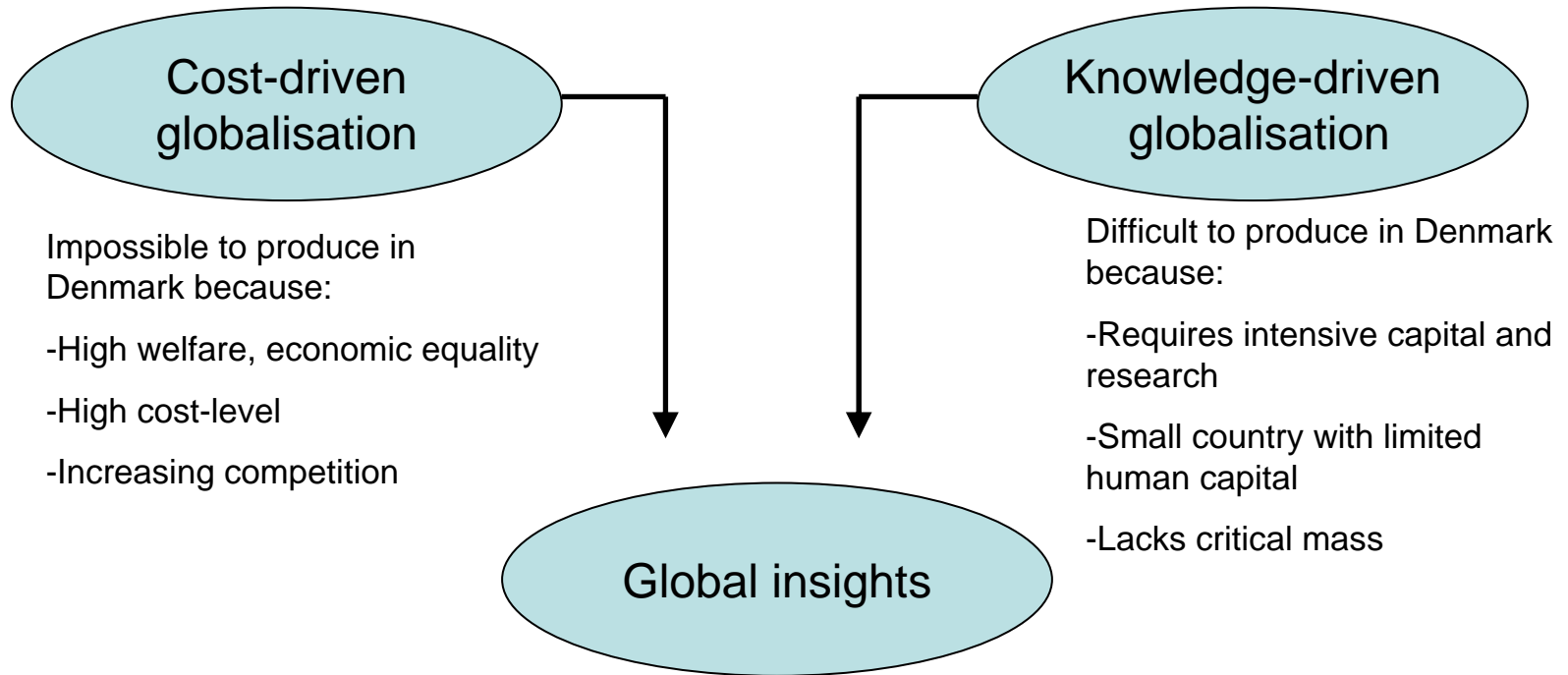
# Difference in generations

	<b>Post-war generation</b> 1945-1960	<b>Generation X</b> 1961-1976	<b>The @-generation</b> 1977-1992
What gives the generation its identity?	Prosperity, growth, optimism, community	Stagnation, pessimism, unemployment, irony	Prosperity, growth, optimism, egocentric
Relationship to employer	Monogamous	Serial monogamous	Project employment
Period of employment	+10 years	+5 years	+ 2 years
Relationship to technology	Sceptical users	Happy users	Natural users
Individual success	Material prosperity	The complete person	Personal development
Family background	Nuclear family	Divorce	Project child
View of authorities	Revolting	Passively accepting	Uninterested

# SWOT

<p><b>Strengths</b></p> <ul style="list-style-type: none"><li>Understanding of users</li><li>Knowledge of the market</li><li>Creative tradition</li><li>Strong competencies in forming relations</li><li>Politically and economically stable</li><li>Flexible labour market</li><li>Flexibly business structure with many SMEs</li><li>Highly educated workforce</li><li>Strong language and IT-skills</li></ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"><li>Too little global outlook</li><li>High labour costs</li><li>Poor incitement structure (tax system)</li><li>Weak ability to attract foreign highly educated employees</li><li>Large public sector with little competition</li><li>Small, dependent economy</li><li>Too little focus on the commercialisation of technology</li><li>Too early retirement from the labour market</li></ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"><li>New big middle classes in high-growth countries</li><li>Geographical placement is less and less important – goods and services can be produced and sold everywhere</li><li>Demand patterns change – from needs-based to value- and identity-providing</li><li>The EU is opening its single market for services</li></ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"><li>Others have larger capacity, more capital, knowledge and national resources</li><li>More and more countries and regions will become relatively well-educated in the future</li><li>Competition is increasing generally</li></ul>

# Global insights



Impossible to produce in Denmark because:

- High welfare, economic equality
- High cost-level
- Increasing competition

Knowledge-driven globalisation

Difficult to produce in Denmark because:

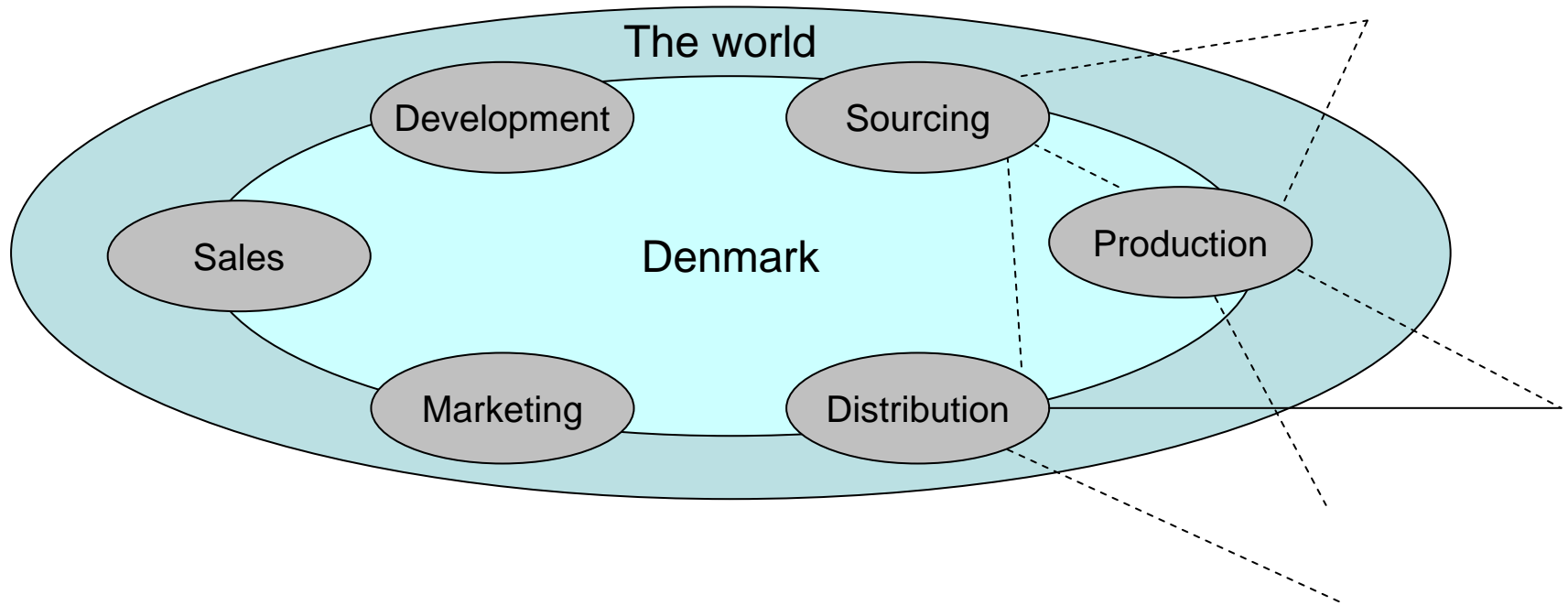
- Requires intensive capital and research
- Small country with limited human capital
- Lacks critical mass

Global insights

Possible because:

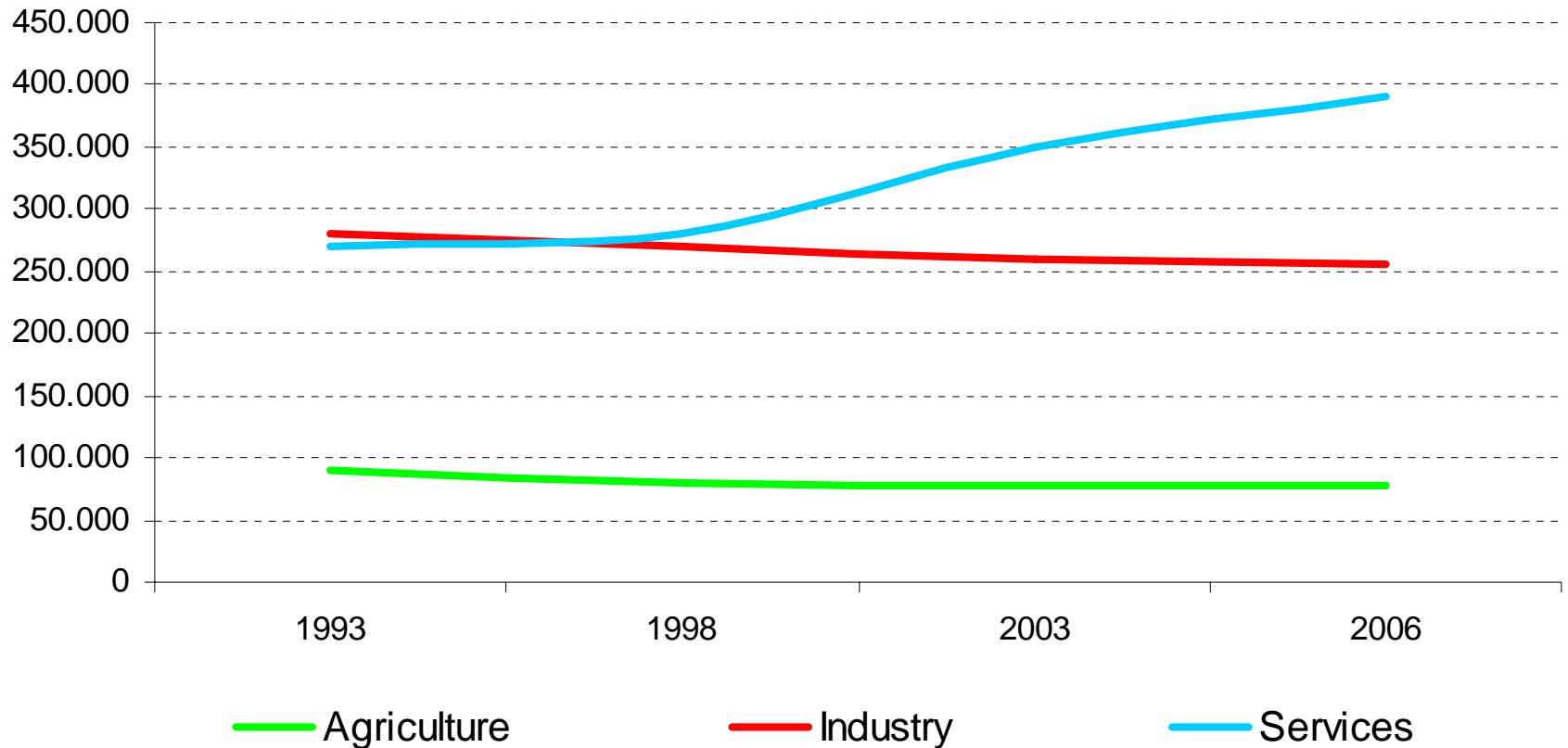
- Requires intensive, but not capital-intensive research
- Based on user-driven innovation
- Solid tradition for trade with good international standing
- Strong on relations, creativity, flexibility

# The value-added ~~chain~~ network



# From industry to services

## Generation of export-oriented jobs



# Who hires the smart minds?

## Number of academic employees:

Knowledge intensive services	29.159
Industry	14.015
Financing and insurance	5.015
Trade	5.475
Transportation	2.340
Agriculture	1.127
Construction	896
Hotels and restaurants	483



# New educational priorities

- Access to education is free in the Danish educational system
- The number of Danish universities has recently been reduced from 12 to 8 through a number of mergers

## A need for new priorities

- Accept elites
- Focus on the employers
- Multidisciplinary approach
- International networks

# Danish intellectual captial

## Requires:

- Sofisticated knowledge of the valueadding elements
- Top-level education system with few really high priorities on a national level
- International networks enhancing educational possibilities

# A network-approach to competitiveness – a pacemaker example

