



The Diversity Pact

Framework conditions for
more diversity and inclusion

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Denmark must get back into the lead with the other Nordic countries when it comes to gender diversity, and we must also get better at broad diversity, i.e. including all talents regardless of age, gender, ethnicity, sexual orientation, etc. Thus, there are two tasks ahead for Danish companies and organisations.

First, the gender balance in upper management must be improved so that an equal gender representation (40/60) can be achieved across the board in Danish businesses so that Denmark can get back on top with the countries we usually compare ourselves with.

Second, we must support an inclusive culture that promotes well-being for all employees, regardless of their social identity. If we fail to do so, Danish society will miss out on talent, competitiveness, growth, and prosperity.

But companies and organisations cannot achieve this on their own. Diversity and inclusion in the labour market are not just about the culture of the workplace; it's also about the society around workplaces. If we are to move the diversity marker in Danish companies, action is required both inside and outside the labour market. This requires a good framework and continuous and open dialogue on what is difficult. We need to talk more about how family and societal structures in Denmark create gender bias, stereotypes, and habitual thinking, which are also expressed in the labour market. This is something we as a society need to address together - it cannot be 'fixed' by businesses alone.

The Diversity Pact will create a mutually binding framework for this conversation by focusing on the conditions for creating more diversity and inclusion in companies. Working together will make us all stronger - and we need the strength of the Danish culture of cooperation if we are to shift the current development.

The proposals are grouped into three main areas of action. Each has an impact on the framework conditions for diversity and inclusion at work, in families, and in our society. They are not just about changing the conditions for diversity at the top of companies - they are about the whole breadth of the labour market.

- The gender gap in educational choices and the labour market
- Work-life balance
- Denmark as an international labour market with room for diversity

The gender gap in educational choices and the labour market

Companies have a responsibility to ensure broad and diverse recruitment when filling a vacancy on the board or in management. But it's vital that we also have a continuous flow of diverse candidates for the sectors. Therefore, we need to focus on the talent pipeline of future leaders, and the Danish education system plays a crucial role in this.

A question of educational choice

Several factors contribute to unequal gender distribution in the Danish education system. Men are more likely to choose economics and technical education, while women are more likely to choose caring professions. The areas where there are labour shortages are largely characterised by either male or female occupations. This applies, for example, to nurse and teacher training, as well as a number of vocational training and IT courses. This contributes to a very gender-segregated labour market. We need to work across companies and educational institutions to counteract the perpetuation of gender stereotypes in relation to professional choices.

Businesses also have a responsibility to actively promote the need for and place of both genders in sectors where we see a significant gender imbalance. Danish companies must become better at highlighting the good examples of role models and success stories of employees who have broken with the gender norm within each industry.

Gender segregation in education has a major impact on the talent pipeline to senior positions in companies.

Women are more likely than men to choose courses that lead to fewer prospects of management positions. According to figures from the Ministry of Gender Equality, around 60% of all managers have a degree in business administration, economics or engineering - but only a third of these are women. Despite the fact that women make up 55% of higher education enrolments, they account for only 38% of enrolments in the 100 programmes with the highest graduate salaries. On the other hand,



women make up 62% of those enrolled in programs with high graduate unemployment. Therefore, the education sector also has a special task in communicating to both male and female applicants. It is worrying that Danish women are not, to a great extent, choosing an education that we know offers career opportunities in the private sector.

Digital literacy for both genders

The rapid pace of digital change requires more staff with digital skills and technology literacy as an integral part of their education. However, there is a large gender gap in Danish tech communities, where there is an overrepresentation of men. Women are significantly underrepresented in the tech industry and in technology education in Denmark, which is a problem for both companies and gender equality. In a technologically advanced society, where algorithms and artificial intelligence play an increasingly important role, it could create significant challenges if new technology is developed only by men. If we are to promote interest in IT skills, technology literacy, and digitisation across the genders throughout the education system, we also need to look where we know the digital foundations are being laid.

As a society, we have a common task in getting more women to choose an education that is in demand by the private sector. And there is a great need for more knowledge about how the education system can contribute to a less gender-segregated labour market.

Therefore, we propose:

- That a political expert group be set up to research and make recommendations on how we get more of the under-represented gender into education that we can see leads to senior positions in businesses.
- Higher education development contracts will include a clause obliging programmes to identify, highlight, and address existing gender imbalances in their programmes and ensure that admissions appeal to both male and female applicants.
- Breaking down gender stereotypes of professions, sectors, and education; for example, by increasing practical skills and integrating the Sustainable Development Goals in primary schools and in the revision of teacher training.
- Funding research into the causes of gender bias in education, as well as didactics and interventions to ensure better education for boys, as well as girls.
- Teacher training should be adjusted, so that understanding technology and digitalisation becomes a subject area in its own right. Technology awareness and digital literacy will also be introduced as compulsory subjects in primary, intermediate, and secondary schools.

Work-life balance

The challenges of balancing family and working life can be a key factor in Danes choosing to deprioritise their careers.



A 2021 population survey by YouGov for Lederne shows that women still do most of the work at home. Women do most of the housework - and both men and women agree that this is the case. Working at home ultimately affects diversity and the chances of creating equal representation at the top of Danish companies. Therefore, better incentive structures need to be created to offer attractive services that support employees in Danish workplaces to balance work and career with family life.

Currently, if an employer pays an employee for childcare costs, the employee is taxed on the amount paid. Even if the benefit is part of a flexible salary package, i.e., a so-called gross salary scheme, this does not change the fact that the employee has to pay tax on the childcare. Better conditions and incentives should be created when it comes to the possibilities for companies to offer support services that support both fathers, mothers, and possibly co-parents to manage their careers, without this being at the expense of the family's well-being. Better conditions in this area will benefit not only busy families with children, but also the Danish treasury. Creating better conditions for using help at home will also reduce incentives to use undeclared work for cleaning, childcare, etc.

There is also, of course, a task for Danish companies and organisations to look at what arrangements and solutions they can put in place in their businesses to support a good work-life balance.

The bottom line is that ambition and career dreams should not come at the expense of family well-being. It is essential that we look at the conditions that can affect the balance between career and family life. At the same time, family life in Denmark is continuously evolving, and the nuclear family with father, mother, and children is increasingly complemented by other forms of cohabitation, both the so-called rainbow families and other family forms. The new family forms must be accommodated by both employers and authorities. There is, therefore, also a need for an informed social debate on the cultural and structural conditions for everyone to bring their talents to bear for the benefit of Denmark.



Flexible daycare for a flexible labour market

Childcare facilities play a crucial role in reconciling family and working life. Working life has changed from the traditional 9-5 mindset - many Danes work at different times of the day and week. This is why several municipalities in the country have also introduced extended and more flexible opening hours for their daycare facilities. On the other hand, many municipalities today do not have daycare facilities with extended opening hours. If we are to create a better balance between family and working life, public childcare services must be sufficiently good to ensure that mothers and fathers do not put career dreams on the back burner because they feel they cannot get sufficient care for their children.

Therefore, we propose:

- Strengthening the service system to provide better childcare and cleaning services. We propose that the current deduction of DKK 6,200 per person in the household be increased.
- Strengthening extended and more flexible opening hours in the country's daycare centres and meeting the childcare guarantee in the country's municipalities.
- Creating better conditions for establishing support services, e.g., through gross pay schemes for help at home, such as childcare, meals, cleaning or other similar services that meet this purpose.
- That the au pair scheme is maintained and that it does not become so expensive that only a few families will be able to use it.
- The establishment of an independent diversity think-tank to provide evidence and analysis to address the cultural and structural barriers that prevent both women and men from reaching their full potential in the labour market.



Denmark as an international labour market with room for diversity

The Danish labour market is known for its flexibility in many areas. But we do not see the same strength when it comes to the inclusion of foreign talent and labour. Here we lag behind when we compare ourselves with other OECD countries¹.

The Danish labour market should also be an international labour market, where there is room for many nationalities and the differences this entails. It must be an attractive labour market for talent from all over the world. Therefore, it must be easier for companies to attract, retain, and include well-qualified foreign workers from both EU countries and the rest of the world. Employees with a non-Danish background will contribute not only professional skills but also dynamism, ideas, innovation and, in general, the ability to challenge the status quo.

In recent years, Danish companies have recruited unsuccessfully for many positions; in the order of 158,000 positions remained unfilled in the second half of 2021². Facilitating access to foreign labour will help to keep the extent of unsuccessful recruitment down and thus add value to the Danish economy. There is broad support for recruiting qualified foreign workers across job categories in the Danish population, as long as they are employed according to Danish pay and employment conditions³. As a society, we should therefore look at ways to unlock the great untapped potential that exists by improving companies' access to foreign talent and labour.

Better inclusion of foreign workers

We also need to look at the conditions for the inclusion of foreign workers and talent in the Danish labour market.

For example, in most cases, Danish banks refuse to open a bank account for foreigners without a health insurance card, even if they can show a residence card and an employment contract. Non-EU workers employed on contract in Denmark usually wait two to three months for a health insurance card. Therefore, the company cannot pay the employee during this period. At the same time, we are not aware of any cases confirming that the payment of wages to a specific Danish bank account has a preventive effect in relation to possible violations of the Danish Aliens Act.

The waiting times for processing applications for foreign labour are too long and associated with bureaucracy that helps neither the foreign workers nor the Danish companies. An inventory from the Danish Agency for International Recruitment and Integration shows that in May 2021, the processing time was up to 168 days for some case types, where the target was one month.

¹ Competitiveness Barometer, Danish Chamber of Commerce, September 2021

² Rekrutterings-survey Rapport, Danish Agency for Labour Market and Recruitment, December 2021

³ Norstat for Danish Chamber of Commerce, end December 2021.



Accompanying families

If we are to attract foreign workers of both genders to the Danish labour market, it must also be attractive for the family to accompany them. It's already high risk when families choose to uproot and move to the other side of the world, so we need to look more at conditions that can make it safe and convenient for workers and families. Long processing times cause great uncertainty for the employee and equally for the accompanying family. Therefore, we must also work to reduce the uncertainty and processing time for foreign labour applications. Together, these factors are hampering the inclusion of foreign talent in the Danish labour market - and are a stumbling block to increased diversity in Danish companies.

Language barriers can hamper inclusion

As a society, we need to ensure that foreigners who come to Denmark thrive and feel included in the labour market and in our society. Language plays a central and important role here. All foreigners with a residence permit in Denmark are entitled to Danish language training, which is paid for by their municipality of residence. However, it is overly ambitious to expect foreign employees to be able to read and understand Danish during the first period of their stay. Therefore, difficulties may arise in keeping up to date with Danish news, as content is not sufficiently available in English. During the shutdowns in 2020 and 2021 due to the covid-19 pandemic, it was essential for foreign citizens to be able to access information on guidelines and infection rates. Without an English translation of this type of important information, important messages and information are lost, and we also hinder the possibility for foreign employees to participate in society on equal terms.

A GDPR-proof decision-making

Having an overview of the composition of the workforce diversity provides the company with an informed basis for launching initiatives to promote more diversity in the company. Establishing this overview is not easy, as much of the employee composition information is considered personal data. This is not consistent with the requirement for companies subject to section 107d of the Danish Financial Statements Act to supplement the management report with a report on their diversity policy and to set targets and present the results of this policy. Statistics Denmark is currently the only way for Danish companies to get a comprehensive overview of the composition of employees: gender, age, ancestry, country of origin, region, and educational background. However, accessing these data via Statistics Denmark is both costly and resource-intensive for enterprises. The starting price for an employee profile is 10.459 ex. VAT, regardless of whether the company has 50 or 5,000 employees. It should not be costly for Danish companies to create a GDPR-proof overview of the composition of their employees and staff groups.



If we are to attract foreign workers of both genders to the Danish labour market, it must also be attractive for the family to accompany them.



Therefore, we propose:

- Reduce waiting times for processing foreign labour applications - to a maximum average duration of one month, including the processing of entry and residence of related family members.
- The threshold for foreign workers to accept a job offer in Denmark is reduced to DKK 360,000.
- The requirement for a Danish bank account is abolished to make it easier for foreign employees to start work in Denmark.
- That companies subject to § 107d of the Danish Financial Statements Act can order a free employee profile overview from Statistics Denmark once a year.
- It should be possible to get English subtitles on state-funded news programmes such as TV Avisen on DR1.

Join the Diversity Pact

When you join the Diversity Pact, you can also contribute with new proposals to prepare the framework conditions for diversity. The 15 recommendations of the Diversity Pact initiate a dialogue on the conditions for diversity in Danish companies. We recognise that the 15 recommendations are not the answer to all the challenges associated with diversity and inclusion work in Danish companies. Therefore, we hope that you will join the Diversity Pact to hear further ideas and suggestions for improving the framework conditions in this area.

