



## WP3 National Report - Denmark

Industrial Relations in the pork value chain

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## **Content**

<b>1. Introduction .....</b>	<b>3</b>
<b>2. The main critical aspects within the pork value chain.....</b>	<b>3</b>
The cooperation movement dissolving.....	3
Loss of work places in slaughtering and processing .....	4
Automatization – a threat and an opportunity .....	4
Non-Danish labour in breeding, slaughtering and processing.....	4
<b>3. Industrial Relations in Denmark .....</b>	<b>4</b>
The September Compromise 1899 .....	5
Collective bargaining .....	5
Decentralisation of the bargaining competences .....	7
Channels for influence.....	7
The Shop steward – part of collective bargaining .....	7
The Cooperation Agreement .....	8
The Working Environment Act.....	9
Collective actions – strikes.....	10
<b>4. Industrial relations in the pork value chain .....</b>	<b>10</b>
Breeding .....	11
Industrial relations .....	11
Health & safety.....	13
Slaughtering and processing.....	14
Industrial relations .....	14
Health & safety.....	16
<b>5. General comments, perceptions and proposals of the target groups .....</b>	<b>17</b>
Strengths in the Danish pork value chain.....	17
Thoroughly regulated – at least in slaughtering .....	17
Relatively high level of health & and safety – in slaughtering.....	18
The cooperation movement – coherence and knowledge sharing .....	18
Challenges for the Danish pork value chain.....	18
Loss of jobs – especially in slaughtering.....	19
Limited unionization in breeding .....	19
Underreporting of health & and safety incidents – in breeding.....	19
Stress-related health & safety issues in slaughtering.....	20
<b>Appendix: Employment in the pork value chain .....</b>	<b>21</b>
<b>Main sources .....</b>	<b>22</b>
<b>Litterature.....</b>	<b>22</b>

## 1. Introduction

This report is part of the *Meat-Up Ffire project – Fairness, Freedom and Industrial Relations across Europe: Up and Down the Meat Value Chain* under DG Employment. The overall aim of the project is to improve the expertise and knowledge of industrial relations through analysis and research in the specific field of the pork value chain.

This report is the Danish contribution to Work Package 3 in the project, aiming to describe the industrial relations in the pork value chain in Denmark.

Thanks a lot to the interviewees from different organisations in Denmark that have given valuable insights in the industrial relations in the Danish pork value chain. The list of interviewees is to be found under ‘Main sources’ at the end of this report.

## 2. The main critical aspects within the pork value chain

As pointed out in the report on structural characteristics of the pork value chain in Denmark, relatively few critical aspects present themselves, compared to what riddles the pork value chain in other countries. The relatively strong industrial relation institutions across the value chain entails a rather high level of unionisation and collective bargaining coverage – though much higher in slaughtering and processing than in breeding. Health and safety seems to be under control (see more details later in this report), though not without challenges - and it has not been possible to find any sign of illegal employment, tax evasion, fraud etc.

However, while the challenges might seem minor in international and comparative terms, some changes and challenges on the national level is worth mentioning.

### **The cooperation movement dissolving**

A core issue in the Danish pork value chain has been the Cooperation Movement (Andelsbevægelsen). As slaughterhouses are owned by farmers via the cooperation, there has been a strong incentive to share knowledge among farmers. Furthermore, the physical proximity and interdependence meant that social control was considerable – i.e. it has been difficult to evade regulation, including taxes, moonlighting etc.

However, there is also challenges in this set-up. The slaughterhouses are still controlled by the cooperation movement which makes it difficult for slaughterhouse management to make major changes in strategies if it questions the fundamental values of the cooperation movement.

The tendency of still fewer and larger farms means fewer farmers, and combined with a generation change, the farmers seems less connected to the cooperation movement. Furthermore, the change in production from pigs for slaughtering to piglets weakens the direct link between the farmers and the

slaughterhouse as most of the piglets are being exported. This might make it possible for slaughterhouses to change strategies. The question is if the fundamental culture of sharing knowledge and cooperating to make Danish pigs among the best in the world will get lost in the process.

#### **Loss of work places in slaughtering and processing**

Due to fierce competition from other countries, especially Germany, Danish slaughterhouses have lost a considerable share of jobs in slaughtering and processing. The absence of statutory minimum wages in Germany and the Hartz reforms has skewed the competition, and the major Danish slaughterhouses have outsourced the most labour intensive work to Germany and other countries (Wagner and Refslund, 2016). While the Danish trade unions have been able to maintain wages and working conditions, and as such have kept pretty much clear of a ‘race to the bottom’, the price has been a steady loss of jobs – which is also due to automatization (see below). This begs the question of the future of slaughterhouses in Denmark.

At the same time, employment within breeding has only changed marginally, while production has gone up.

#### **Automatization – a threat and an opportunity**

While the employment in slaughtering and processing are decreasing, the productivity is constantly going up. This is very much due to automatization. On one hand, automatization improves working conditions and health for the employees; on the other hand, enhanced efficiency due to automatization costs jobs.

In the greater scheme of things, the focus on reducing labour costs through automatization has led to the development of a robot production industry, targeting the meat sector and as such presents an opportunity in another branch.

#### **Non-Danish labour in breeding, slaughtering and processing**

While the share of non-Danish employees in breeding was 23 per cent in 2008, it was 35 per cent in 2016. In slaughtering and processing, the share was 5 per cent in 2000 and rose to 25 per cent in 2016. Generally, experiences from other branches show that non-Danish workers tend to a lesser degree to unionize, and the bigger the share of non-unionised workers, the more the power balance between management and employees tilts in favour of management. Hence, it could pose a challenge if a larger share of the non-Danish workers are not members of trade unions. We will look into if this is the case in the Danish pork value chain.

### **3. Industrial Relations in Denmark**

The Danish labour market is primarily regulated through collective agreements signed by the social partners, while legislation plays a more discrete role in the

area of wages and working conditions. The union density is high, and the industrial relations (IR) system is dominated by a high degree of voluntarism and cooperation; trade unions and employers negotiate solutions to various challenges through collective agreements.

### **The September Compromise 1899**

In 1899, after 19 weeks of conflict, the employers' organisation DA and the confederation of unions LO laid down the fundament for future negotiations and conflict resolution in The September Compromise. Four ground principles was stipulated:

1. Management has the management prerogative, i.e. the right to organise, direct and divide work.
2. The peace obligation, i.e. the obligation for employees and union to secure no strikes while the collective agreement is running
3. The right to conflict, i.e. the right to strike or lock-out when a new collective agreement is negotiated.
4. The right to organise, i.e. the workers right to collectively organise in unions and the unions' right to negotiate on behalf of the workers.

The model ensured the social partners extensive influence over labour market legislation in particular and the development of the welfare state in general, and the model is to this day the fundament for the Danish labour market.

Furthermore, effective institutions for conflict resolution is in place, and the institutions are highly effective and respected by all parties in the labour market.

### **Collective bargaining**

The regulation of salaries and working conditions takes place through recurring national bargaining rounds, typically every two or three years. The key area is the substantial part of the private labour market that is comprised by the organizations under the two largest central organizations, Danish Trade Unions Confederation (FH: Fagbevægelsens Hovedorganisation) and the Danish Employers' Confederation (DA: Dansk Arbejdsgiverforening).

These two large organisations make sectoral agreements and prescribe national standards. They furthermore prescribe procedural and economic guidelines for local negotiations on pay and working conditions. Indeed, wage-setting and regulation of working conditions are primarily left to social partners, although legislation also dominates in areas such as vacation time, health and safety (see later). As such, relations between the parties are based on the premise of mutual respect for their diverging interests and consensus on how to resolve conflicts (Due and Madsen, 2008: 517). The parties only have the right to engage in disputes at the time when a negotiation concerning the conclusion and renewal of agreements takes place (the conflict right). During the settlement period, there is no resort to industrial action (the peace obligation). This applies, even if company based bargaining typically takes place after the peace obligation has come into force (Due and Madsen, 2008: 518).

A precondition for the strength of an IR-model as the Danish is an extensive coverage of agreements, high union density and dense network of workplace representation (the right to organise in unions). Overall, 83 per cent of the Danish labour market was covered by collective agreements in 2015 – compared to 80 per cent in 2007 and 84 per cent in 1997 (Larsen et al, 2010; Navrbjerg and Ibsen, 2017). However, coverage varies between sectors, and while the collective agreement coverage is 100 per cent in the public sector it is 74 per cent in the private sector. Some sectors, like cleaning, has a way lower collective agreement coverage.

The trade union density has slightly declined since the mid 1990’s, but has remained comparatively high with 67% of Danish employees being union members in 2015. However, an important trend behind these figures is the fact that ‘traditional unions’ have lost ground to ‘yellow’ or ‘alternative unions’.

The traditional trade unions are based on a social democratic philosophy and most importantly, they are able to achieve collective agreements. In contrast, ‘yellow unions’ or alternative unions are typically not part of the collective bargaining system. The main yellow union, Kristelig Fagforening, is based on a Christian ideology and do not acknowledge interest conflicts between employees and employers.

<b>Table 1: Trade union density Denmark – in per cent</b>	<b>1995</b>	<b>2005</b>	<b>2015</b>
<b>Traditional unions</b>	71.0	68.1	60.2
<b>Alternative unions (yellow unions)</b>	2.1	3.6	9.0
<b>Total</b>	73.1	71.7	67.2
Source: Ibsen, Due og Madsen (2015), Toubøl et al. 2015			

Furthermore, union densities vary considerably between sectors, with lower union density in the private sector compared to the public sector. (Navrbjerg and Ibsen, 2017; Larsen and Ilsøe, 2017; Toubøl et al. 2015). The workplace representation in terms of shop steward coverage was 52% in 2010 (Larsen et al. 2010; Ibsen et al. 2015).

53 per cent of the employers are member of an employer organisation. However, it should be kept in mind that the vast majority of Danish companies are relatively small; the average Danish enterprise has four employees and for many it might be less meaningful to be member of an employer organisation.

<b>Table 2: Organised employers in Denmark – in percent</b>	<b>2004</b>	<b>2009</b>	<b>2015</b>
<b>Public sector</b>	100	100	100
<b>Private sector</b>	53	58	53
Source: DA Arbejdsmarkedsrapport 2004, 2009 plus table from DA 2017. Including DA, FA og (i 2004 og 2009) SALA. These numbers do include employers organisations like Kristelig Arbejdsgiverforening, Dansk Håndværk, Arbejdsgiverne.			

### **Decentralisation of the bargaining competences**

During the last decades, a decentralisation process has taken place within the Danish industrial relations systems. The framework for collective bargaining continues to be outlined by sector agreements, whilst local bargaining increasingly determines the implementation and interpretation of these agreements at company level. This development reflects the need for increased flexibility at work place level. During the times of a relatively centralized industrial relations system in the 1970's and 1980's, companies implemented new technologies, new work organisations and at the same time they were increasingly exposed to an ever more fierce international competition. In combination, these factors created demands from employers for increased flexibility within the collective agreements to accommodate the individual enterprises' for a more flexible work organisation to adjust to new technologies, economic fluctuations and a highly competitive market (Katz, 1993; Navrbjerg, 1999).

This development has changed the depth and scope of collective bargaining in Denmark. As still more issues regarding wage and working conditions are up for negotiations – including issues that overlap welfare issues like pension and paternity leave – the scope has broadened. At the same time the depth has changed too – meaning that still more issues are up for negotiations locally at company level. This means that both employee representatives and management needs to have the right bargaining skills to fully make use of decentralisation – but also to ensure that employees are still protected.

The shop steward is a watch dog and a negotiator at company level. He or she assures the implementation and the fulfilment of the collective agreements at enterprise level and conclude local agreements that take local needs into account. It is the shop steward and management who have to agree on what measures from the central collective agreement that should to be implemented locally to ensure the needed flexibility – and under what circumstances. In many ways, the bargaining structure from the central level has to be reproduced on the local level between skilled partners – or else the centralized decentralization becomes disorganized decentralization (Due and Madsen 2006). Furthermore, it potentially enhances the shop stewards influence – because without local consensus, management cannot use the scope of possibilities in the collective agreement.

### **Channels for influence**

Basically, there are three ways employees can obtain influence on working conditions in the Danish labour market model.

#### *The Shop steward – part of collective bargaining*

Obviously, the presence of a shop steward is vital for employees to get influence. Any work place with five or more employees is entitled to elect a shop steward among the employees. The conditions for the election of the shop steward are stipulated not in legislation but in the collective agreement and The

Cooperation Agreement. As such, the shop steward is trade union affiliated and is the unions' representative at work place level.

However, the *shop steward coverage* is difficult to measure. Asking some 1600 managers from randomly selected workplaces according to size and sector, the result is that on average 52 per cent of Danish work places has a shop steward. Considerable differences exist between private (33 per cent) and public (91 per cent) sector. Size plays a major part here; the larger the work place, the higher probability that the enterprise has a shop steward. Among work places with 5-9 employees, some 35 per cent has a shop steward, while the share is 91 per cent in enterprises employing 100-249 employees (Larsen et al. 2010: 245-52). However, it has to be kept in mind that the presence of a shop steward is closely linked to the presence of a collective agreement; if there is a shop steward, very often there is a collective agreement and vice versa.

Without the support of members, the collective agreements will have limited legitimacy. Hence, the *union coverage* is of importance. In 1995 73 per cent of employees on the Danish labour market were members of a union, a number that had declined to 69 per cent in 2014 (Ibsen, et al. (2015)<sup>1</sup>. While the decline is less pronounced compared to many other European countries, this recent trend does challenge the trade unions as well as the collective bargaining system. However, while the share of 'alternative unions' in 1995 was only 2 per cent, in 2014 it was 9 per cent. Alternative unions – or yellow unions – are generally not as conflict oriented as traditional unions and only one of them – The Christian Union Krifa – have made collective agreements. Never the less, the vast majority of employers and their organizations support the collective bargaining system with the traditional unions as institutions that secures industrial peace for two to four years at a time.

#### *The Cooperation Agreement*

The most important stipulations on employer–labor union information and consultation are to be found in cooperation agreements like the *Cooperation Agreement between DA and LO* (2006) (the first such agreement was entered in 1947) between the Danish Employers' Confederation (DA: Dansk Arbejdsgiverforening) and the Danish Confederation of Trade Unions (LO: Landsorganisationen i Danmark) (see the full agreement in English here: [https://www.samarbejdsnaevnet.dk/fileadmin/user\\_upload/Pdf/SA\\_engelsk\\_pdf](https://www.samarbejdsnaevnet.dk/fileadmin/user_upload/Pdf/SA_engelsk_pdf))

The agreement is broadly formulated and generally emphasizes the importance of engaging in a high degree of information provision and consultation. Employers are obliged by the agreement to update the local Cooperation Committees on the financial position and prospects of the company and the firms staffing plans. In firms where there are no Cooperation Committees, employees are to be informed individually or/and in groups. Employers also have to provide information on any 'significant changes and

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<sup>1</sup> Different accounts estimates the union coverage differently, but the differences are not considerable. See Due et al, 2010; DA 2009; Ibsen 2000; Scheuer 1996.



developments with regard to any introduction of new technology in production and administration’ as well on ‘the employment situation’ (Cooperation Agreement, 2006: 7–8). As such, the cooperation committee is pivotal for formal cooperation between management and employees. To establish a Cooperation Committee, the enterprise should have 35 or more employees. Typically, the Cooperation Committee consists of an equal number of employee representatives and management representatives – and the shop stewards is almost always among the employee representatives. A similar cooperation agreement is to be found in farming (see <https://www.gls-a.dk/wp-content/uploads/2015/05/Samarbejdsaftalen.pdf>) and within many other sectors, similar agreements exist, based on the main organisations FH’s and DA’s cooperation agreement.

If the enterprise is a stock-based corporation and has 35 employees or more in average over the latest three years, the employees have the right to seats in the board. The board has to consist of at least three members, and the employees have the right to elect at least two members for the board.

While Cooperation Committees and boards provide the employees a voice, it is still up to management to decide to what degree they will listen to their input; the management prerogative is intact and as such is only obliged to give information. Even the information given might be conditional as management can impose secrecy on some information if it can hurt the company, affect the stocks etc.

#### *The Working Environment Act*

Finally, according to the *Working Environment Act*, it is the responsibility of the management to assure a health and safety organization is in function at the work place. In enterprises with 1-9 employees, cooperation on health and safety are obtained through regular direct contact and dialogue between the employer, the employees and any supervisors. In enterprises with 10-34 employees, cooperation on health and safety are to be taken care of through a health and safety organisation composed of one or more supervisors and one or more elected health and safety representatives, with the employer or a representative of the employer as chairman. The health and safety organisation is responsible for both day-to-day and overall tasks relating to health and safety. Finally, in enterprises with 35 or more employees, cooperation shall be organised such that a health and safety organisation is established with two levels, one responsible for day-to-day tasks regarding health and safety while the other consists of one or more committees responsible for overall tasks related to health and safety. The chairman of a committee shall be the employer or a representative of the employer.

Basically, the employer is responsible for the physical and psychological working environment. While wages and working conditions (regulated through collective agreements), and cooperation (stipulated in the Cooperation Agreement) are very much regulated by the social partners, health and safety is regulated with legislation as the fundament. However, still more issues

regarding health and safety is up for negotiation at company level as still more issues are part of the collective bargaining system and the cooperative system – but the Working Environment Law is still the fundament. However, while rules on the organisation of health and safety exists, the day-to-day cooperation is crucial.

#### **Collective actions – strikes**

A fundamental rule to secure peace at the labour market is the peace obligation, i.e. the obligation not to strike (or lock out) while the collective agreement is running. However, strikes are still occurring when workers are unsatisfied about working conditions or others issues, though these strikes are not in accordance with the collective agreements and as such are ‘illegal’. Especially within slaughtering and processing workers have been striking frequently over the years,, and often the issue has been outsourcing. As such, employees in slaughtering and processing have been considered among the more militant workers on the Danish labour market, though the frequency of strikes has diminished considerably over the last decade.

#### **4. Industrial relations in the pork value chain**

Industrial relations are highly regulated in slaughtering and processing, while breeding is less regulated. Compared to other countries in Europe, working condition and wages are good, and despite a relatively high – and growing – number of non-Danish workers in all links in the pork value chain, there has not been a dualization of the labour market in neither breeding nor slaughtering – as has been the case in for example Germany (Refslund and Wagner).

The union density across the pig value chain differs considerably, as can be seen in the table below.

	2008	2016
<b>Breeding piglets</b>	17.60	25.3
<b>Breeding pigs</b>	16.8	22.6
<b>Slaughtering &amp; processing</b>	96.2	92.5
Note: Based on register data from Statistics Denmark – tax deduction on union fees		

While union density in slaughtering and processing is almost total, one in four is member of a trade union in breeding.

The share of non-Danish citizens working in the pig value chain has grown considerably over the last 10-15 years – see table 2

<b>Table 4: Share of Danish citizens employed in the pig value chain – in per cent</b>		
	<i>Year 2008</i>	<i>Year 2016</i>
<b>Breeding piglets</b>	77.1	65.2
<b>Breeding pigs</b>	84.5	77.1
	<i>Year 2000</i>	<i>Year 2016</i>
<b>Slaughtering &amp; processing</b>	94.5	74.6
Note: Based on register data from Statistics Denmark – tax deduction on union fees		

An ongoing dialogue between the sectors and health and safety authorities entails a constant focus on health and safety in breeding as well as slaughtering. However, while reporting of accidents is very high within slaughtering – due to hygiene requirements – accidents in slaughtering has to be reported and is under tight supervision.

## **Breeding**

### *Industrial relations*

The social actors signing the sector agreement within breeding is the union 3F (Fagligt Fælles Forbund – United Federation of Danish Workers) and the employers' organization GLS-A (Gartneri-, Land- og Skovbrugets Arbejdsgivere – Employers' Association for Agriculture, Forestry and Horticulture).

The structural development within pig breeding has been towards fewer and bigger farms and a still higher level of industrialization. This makes it easier for the trade unions to organize the employees in farming, and the strategy of the main trade union, 3F, is to convince the biggest farmers to sign a collective agreement. They generally seem interested in signing collective agreements, and this is also seen by the union as an avenue to organize employees. However, there are farmers who do not want to close a collective agreement, even though 3F have the right to demand collective agreements. In these few instances the union can (and do) employ conflict, typically in the form of sympathy conflict, i.e. unionized workers in transport can deny delivering feed or transport pigs and piglets. This typically forces the farmer to sign a collective agreement with the union.

Of the app. 3,300 pig farms, it is estimated by interviewees that 1,000 do not have any employees at all and as such have no reason to have a collective agreement. Of the remaining 2,300, it is estimated by interviewees that about  $\frac{3}{4}$  has 2-5 employees and therefore have limited incentive to sign collective agreements. Of the remaining 5-600 farms, some 100 has a collective agreement. However, these are bigger farms, and it is estimated that some 50 per cent of employees in breeding are covered by collective agreements.

The union density in breeding of piglets is 25.8 per cent. However, as table 5 shows, quite a considerable share of employees join ‘yellow’ unions or alternative unions – that would be trade unions that most often do not conduct collective bargaining, hence do not sign collective agreements. Often, the union fee is lower than for the traditional ‘red’ unions.

In 2016, 35 per cent of the employed in breeding piglets were non-Danish – up from 23 per cent in 2008. With the enhanced share of non-Danish citizens in breeding and slaughtering, it is interesting to know if the ‘new’ employees tend to join trade unions. However, as table 5 show, non-Danish employee in breeding of piglets tend to organize almost as much Danish employees.

	Red union	Yellow union	Total	N
<b>Danish citizens</b>	17.0	11.2	28.8	4305
<b>EU11 citizens</b>	10.8	12.2	23.0	1357
<b>EU15 citizens</b>	17.9	12.8	30.7	39
<b>3. countries</b>	5.4	9.6	15.0	906
<b>Total</b>	14.1	11.2	25.3	6607

Note: Based on register data from Statistics Denmark – tax deduction on union fees

Within breeding of pigs, union density was 22.6 per cent in 2016 – up from 16.8 per cent in 2008. Table 5 shows again that quite a few are members of ‘yellow’ or alternative unions.

	Red union	Yellow union	Total	N
<b>Danish citizens</b>	15.7	7.4	23.1	3386
<b>EU11 citizens</b>	10.6	13.7	24.3	593
<b>EU15 citizens</b>	4.0	16.0	20.0	25
<b>3. countries</b>	7.1	8.7	15.8	393
<b>Total</b>	14.2	8.4	22.6	4397

Note: Based on register data from Statistics Denmark – tax deduction on union fees

While the share of non-Danish workers in breeding of pigs was 23 per cent in 2016 – up from 15.5 per cent in 2008 – they tend to join trade unions almost as much as Danes – except for citizens from 3. Countries outside the EU. However, it is worth noticing that yellow unions have a foothold especially among citizens from EU11 – the new member countries.

Across breeding, the majority of foreign workers are from Romania and Ukraine. Interviewees point out that especially Romanians are quite well educated, and that they are very popular among farmers because of high work ethics. The unions consider them relatively easy to organize and the Romanian

embassy are cooperating with the unions regarding wages and working conditions. The trade unions are having meetings on these issues and furthermore advice regarding tax rules and tax reductions.

Interviewees point out that Romanians in Denmark are people with higher educations:

*”Romania is darn far away... those who takes the initiative to move to Denmark... it is not people from the country side. They have a higher education and they have had serious consideration as to why they are here.”*

Interviewees evaluate that the market for undeclared work and other tax evasions in breeding is very limited for several reasons: Firstly, the sheer size of the farms makes it rather difficult to evade taxes. Secondly, the Danish tax system makes it possible to write off quite a few things – provided, off course, that it is declared. Finally, due to the tradition within the cooperation movement (Andelsbevægelsen), knowledge sharing also entail social control – i.e. it could be difficult to evade taxes or hire illegal labour without other farmers’ knowledge.

#### *Health & safety*

While health & safety is always of concern in breeding, the unions claim that the level of injuries is pretty low. According to the Danish Working Environment Authority (Arbejdstilsynet), the incidence of accidents within farming, forestry and fishing combined is 84 accidents per 10,000 employees; this is significantly lower than the average across all branches which is 122 per 10,000 employees. However, it should be noted that the branch in general is riddled by underreporting of accidents and health & safety issues. Some reports indicate that up to 85 per cent of accidents within farming are not being reported. While these estimations are only indicative, it is concluded by Arbejdstilsynet that underreporting within farming is ‘considerably higher than on the labour market in general, especially for less serious accidents’ (p.6, <https://amid.dk/media/4402/arbejdsulykker-i-landbruget-2012-2016.pdf>) (See also *Underanmeldelse for arbejdsulykker - beregning baseret på Danmarks Statistiks Arbejdskraftundersøgelse, 2. kvartal 2013*. Notat af 28. marts 2017, Arbejdstilsynet: <https://amid.dk/media/3118/beregning-underanmeldelse-arbejdsulykker-ds2013.pdf> and *Underrapportering af arbejdsulykker*. LO-rapport, version 2.0 – En ny vinkel på underrapportering. Øje på arbejdsmiljøet, april 2015. Udarbejdet af Odense Universitetshospital og Regionshospitalet Herning: <https://fho.dk/wp-content/uploads/10/2017/04/underrapportering-arbejdsulykker.pdf>).

Furthermore, the share of *serious* accidents within farming is higher than average; in 2016, the incidence was 141 serious accidents (defined as more than 3 weeks sick leave) within piglets production, and 84 within production of slaughter pigs. In absolute numbers 122 serious accidents occurred within pig farming in 2016. A detailed overview over accidents within different branches in farming is available at <https://amid.dk/media/4402/arbejdsulykker-i-landbruget-2012-2016.pdf>.

The health & safety authorities, the trade unions and the employers' organization are continuously running campaigns to inform about accidents and how to avoid them – in Danish and in English (see [https://amid.dk/media/4781/faktaark\\_svineavlere\\_uk.pdf](https://amid.dk/media/4781/faktaark_svineavlere_uk.pdf)). This cooperation is by both parties considered positive and important.

Union surveys recurrently shows a high level of satisfaction among employees in breeding. This is partly due to the contact with animals and nature. However, another important issue is highly systematized and scheduled work; this is favorable for work life balance.

## **Slaughtering and processing**

### *Industrial relations*

The social actors signing collective agreements within slaughtering and processing are the union NNF (Food Worker's Union – NNF Denmark) under the umbrella organization, Danish Trade Union Confederation (FH - Fagbevægelsens Hovedorganisation, formerly LO), and the Employers' Association for Slaughterhouses (Slagteriernes Arbejdsgiverforening, SA), under the umbrella organization Confederation of Danish Industry (DI - Dansk Industri). The collective agreement constitutes 131 pages and is to be found in Danish, English, German and Polish.

The trend within slaughtering and processing over the last 25 years has been a constant pressure for efficiency. In the beginning of the 21. Century, recurrent strikes broke out and generally the relations between labour and employers were rather adversarial. Furthermore, even when the parties were able to reach a compromise at sector level, the compromise were recurrently voted down by the workers at the following ballots.

In 2003 SA joined the umbrella employers' organization DI. That entailed a possibility of using the services of this major organization, and one interviewee estimate that it made it possible to put more force behind the employer's quest for industrial peace – combined with enhanced internationalisation.

In the 1990's and 2000's access to the market and market shares were governing the (re)location of pork production, while the main focus today is on cost reduction. This has led to a significant relocation of jobs from Denmark to the UK, Poland and, most importantly, Germany (Refslund and Wagner, 2016), where wages and working conditions are significantly lower. This also had a damping effect on the strike level; while the workers had a very strong

bargaining position 20 years back, today their bargaining power has been weakened considerably due to internationalization of the pork value chain (Refslund, 2013). The quest for efficiency continues, and dialogue is considered quite positive. The trade unions are in constant dialogue with employers about efficiency processes, including automatization and digitalization.

Union density in slaughtering and processing was 92.6 per cent in 2016 – down from 96.2 per cent in 2008. In the major slaughterhouses the union rate is typically 100 per cent and the shop steward is typically professionalized, i.e. a full-time elected union representative. The local shop steward, together with management, are the main actor in the decentralized bargaining. Collective agreement coverage is estimated by unions and employers to close to 100 per cent – and for sure the biggest companies are covered by collective agreements.

Table 6 shows that EU15 citizens and 3. country citizens tends to join trade unions even to a higher degree than Danes and EU11 citizens – probably because they work in big slaughterhouses where unionization is almost 100 per cent and the social pressure to join the union is considerable (Wagner and Refslund, 2016). Yellow and alternative unions have a limited foothold in slaughtering and processing, and only in the small slaughterhouses.

	Red union	Yellow union	Total	N
<b>Danish citizens</b>	89.6	3.1	92.7	5238
<b>EU11 citizens</b>	87.7	2.4	90.1	1355
<b>EU15 citizens</b>	96.6	0.6	97.2	322
<b>3. countries</b>	95.5	1.5	97.0	530
<b>Total</b>	89.8	2.8	92.6	7508

Note: Based on register data from Statistics Denmark – tax deduction on union fees

The share of non-Danish workers in Danish slaughterhouses and processing is 25 per cent, up from some 5 per cent in 2000. Quite a lot of these are from Poland, but lately also workers from Myanmar, Sri Lanka and Vietnam are more prevalent in this part of the value chain. However, it is important to emphasize that these workers are refugees or have travelled to Denmark by own will; they are not, as seen in many other countries, recruited specifically for the task.

The unions do not ask their members about nationality, but their websites are accessible in Polish, German and English, and they translate the collective agreements as well.

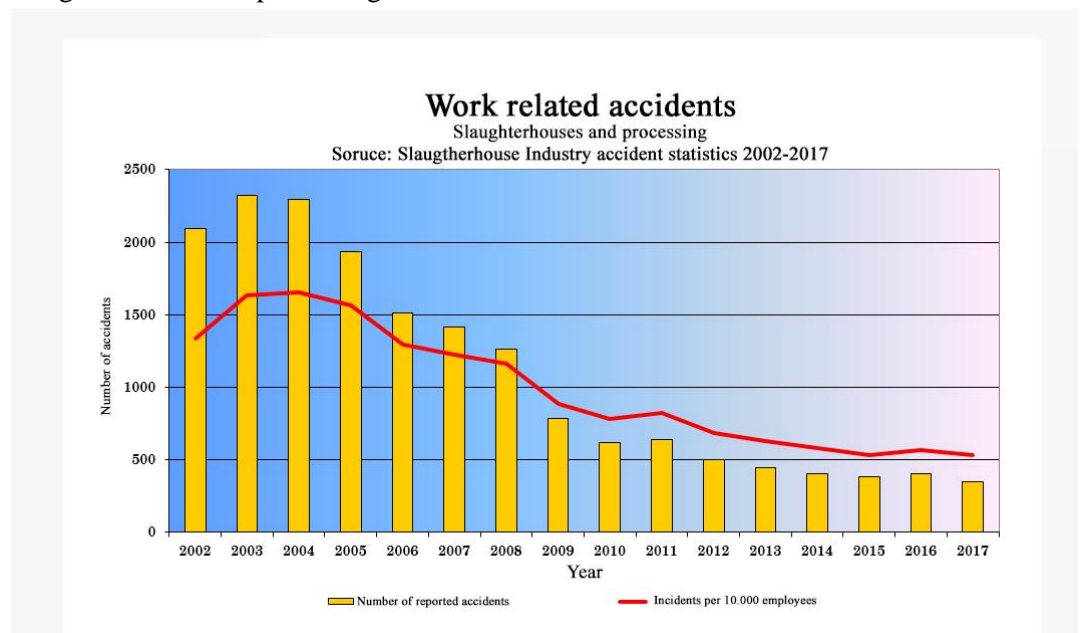
Over the years, the employers in the major slaughterhouses have tried to reduce the wage level, but to no avail. Hence, the threat of off-shoring is an important part of wage negotiations (Wagner and Refslund, 2016). However, sub-contracting of employees plays no role in slaughterhouses in Denmark, and there is no dualization of the work force as such.

Some 90 per cent of workers receive piece-rate payment. While the sectoral agreement sets a base-line for the piecework, local negotiations based on constant measurement on piece-work determines the actual pay. A constant pressure from management as well as employees to up the speed and hence the efficiency in the slaughterhouses entails a high level of stress and risk of injuries due to the high speed work organisations.

### *Health & safety*

Slaughtering and processing has always been riddled by health and safety issues (Grelle and Knudsen (1995)). However, already in the 1990's, the employers association SA made it mandatory that any health and safety incident leading to more than one day sick leave should be reported. This rule means that the branch has a reporting rate of almost 100 per cent – compared to the majority of other branches where the reporting rate is closer to 50 per cent – and as mentioned above even lower in breeding.

The figure below shows the development in work related accidents in slaughterhouses and processing in Denmark.



As can be seen, the number of incidents has gone down from more than 2,000 in the beginning of 2000's some 350 in 2017 (yellow pillars). However, there are also fewer employed in slaughtering. The red line indicates incidents per 10,000 employees. Incidents per 10,000 employed is one third in 2017 compared to 2003 – a considerable improvement. In absolute numbers: Out of 6,646 employees in slaughterhouses and processing in 2017, only 352 accidents occurred.

The Danish Working Environment Authority (Arbejdstilsynet) reports, that slaughtering have the second highest number of incidents, compared to other



branches. The incidence is 288 per 10,000 employees, of which 44 is serious incidents (<https://bm.dk/media/7601/aarsopgoerelse-2012-2017-ulykker.pdf>).

However, as mentioned above it should be kept in mind that slaughtering probably have a considerably higher reporting rate than other branches. One reason for that is high hygiene levels in Danish slaughter houses, entailing mandatory reporting of even minor cuts and bruises – see p. 16 in <https://www.amr.dk/Files/Dokumenter%20og%20publikationer/Arbejdsulykker/Artikler%20i%20rapport%20om%20arbejdsulykker/Ulykkernes%20omfang%20og%20karakter%20-%20AMK%20Herning%20-%20Rapport%20om%20arbejdsulykker.pdf>

The slaughter branch is also mentioned in reports by the The National Research Center for Work Environment (Nationale Forskningscenter for Arbejdsmiljø) as one of the branches that do most to report on and improve health & safety ([https://amid.dk/media/3095/nfa\\_fakta\\_om\\_virksomhedernes\\_arbejdsmilj\\_unders\\_2017\\_vai\\_2017\\_2018.pdf](https://amid.dk/media/3095/nfa_fakta_om_virksomhedernes_arbejdsmilj_unders_2017_vai_2017_2018.pdf).)

As mentioned, a work organisation with emphasis on piece-meal work is a major health issue. However, as this has become the norm in slaughtering and processing, it is questionable to what degree stress issues connected to this work organisation is reported in the statistics.

## **5. General comments, perceptions and proposals of the target groups**

The Danish pork value chain is not riddled with the same problems as many of the pork value chains in other countries. But this doesn't mean that there are no challenges in the Danish pork value chain. In the following, we will look into the strengths and challenges in the Danish pork value chain.

### **Strengths in the Danish pork value chain**

The analyses has exposed a series of strengths.

#### *Thoroughly regulated – at least in slaughtering*

Within slaughtering and processing, nine out of ten workers are organised in trade unions and collective bargaining coverage is close to 100 per cent. Interestingly, the new-comers in the Danish slaughterhouses – the app. 30 per cent non-Danish workers – are organizing to the same degree as Danish citizens.

The same goes for the new-comers within breeding (accounting for 35 per cent in piglet breeding and 23 per cent in pig breeding), who are as prone to be members of trade unions as Danish workers.

Hence, despite the considerable share of non-Danish workers, there has been no tendency towards a dualizations of the labour market or a race to the bottom – as has been seen in Germany.

Within breeding, the unionization is considerably lower – app. 25 per cent – than seen in slaughtering. This is also lower than the national average, but in general unionization in farming is considerably lower than on average. As such, unionization in the pork value chain does not stand out from farming as such.

However, the social partners on both sides consider the level as reasonable since many small farms might not really need collective agreements. Unionization is considerable higher on the bigger farms.

#### *Relatively high level of health & and safety – in slaughtering*

The social partners in both breeding and slaughtering are concerned about health & safety. However, while the reported incidents in breeding is relatively low (compared to the national average), the number of incidents is considerably higher in slaughtering. However, traditions for reporting are very different. In slaughtering and processing, for more than two decades, reporting on health & safety has been mandatory, especially with regards to cuts, as this ensures a high level of hygiene – which is worth a lot at the international pork market. This means that while the number of accidents per 10,000 might seem high in slaughtering and processing, compared to national average and other sectors, in reality it is reflecting quite precisely the health & safety status in the sector – and most importantly, it has the attention of the social partners and authorities alike.

#### *The cooperation movement – coherence and knowledge sharing*

The Danish cooperation movement, established in the 19<sup>th</sup> century, is still very present along the pork value chain. Within breeding, this has entailed a tradition for knowledge sharing, resulting in a fast dissemination of innovative measures and hence high quality and efficiency in breeding of pigs and piglets. Furthermore, the slaughterhouses guarantees that the farmer can get rid of the pigs at the right time and to the right price. Within slaughtering, some of the slaughterhouses – most notable the absolute biggest, Danish Crown – are still controlled by farmers.

The cooperation movement has ensured coherence and stability along the pork value chain. Farmers work under pretty much the same conditions as everybody knows what each farmer does – also in terms of working conditions, wages etc.

But at the same time, the farmers' control over the slaughter houses might inhibit the managements' latitude to change business models, even if deemed necessary by management.

#### **Challenges for the Danish pork value chain**

The Danish pork value chain is also faced with quite a few challenges.

*Loss of jobs – especially in slaughtering*

The main challenge along the Danish pork value chain is the loss of jobs. Especially within slaughtering and processing a considerably amount of jobs has been lost over the past 10-15 years.

The reasons are manifold, but two main reasons are considered of importance: Firstly, the price of labour in competing neighboring countries is a very decisive factor. Especially the lack of minimum wages and next-to-no regulation of the labour market in slaughterhouses in Germany has been a crucial reason why much of the work in Danish slaughterhouses has been outsourced. As mentioned, the Danish unions are strongly organised and have chosen not to engage in concession bargaining. Hence, the trade-off the unions have chosen is fewer jobs – but jobs with fair wages and working conditions. This trade-off is of course only possible because of a very high level of unionization and collective bargaining coverage, which again have had the consequence that dualization of the labour force has not been possible.

The other reason for the loss of jobs is automatization, which has led to a considerable loss of jobs (Refslund, 2012). While unions are now cooperating on this issue, it is never the less a major issue in slaughtering.

*Limited unionization in breeding*

The situation is quite different in breeding. Here jobs are also lost, but to a much lesser extent than seen in slaughtering and processing. After all, it is difficult to export a farm per se. About one in four employees in breeding are unionized, and while this is way lower than the national level of 67 per cent, unionization has gone up in breeding over the last decade. A very likely reason for that is the still bigger farms – the number of farms is halved every 7 years, while production is rising. This indicates still bigger farms with more employees, which again makes collective bargaining relevant for employees as well as employers. With 75 per cent of the labour force in breeding still not unionized and only half the labour force covered by collective agreement, the pork breeding business is an outlier in Danish industrial relations, while in international comparison it might look rather well regulated.

*Underreporting of health & safety incidents – in breeding*

While reporting of health & safety incidents in slaughtering and processing is rather accurate, in breeding the tradition for reporting is rather casual. Research as well as the social partners' estimates that accidents are underreported by a solid margin in breeding – up to 85 per cent of accidents are not reported – and hear-say examples exist of employees being treated for serious accidents without health & safety authorities have been informed. While the social partners makes a concerted effort to enhance the attention on health & safety in breeding, there is a considerable room for improvement.

*Stress-related health & safety issues in slaughtering*

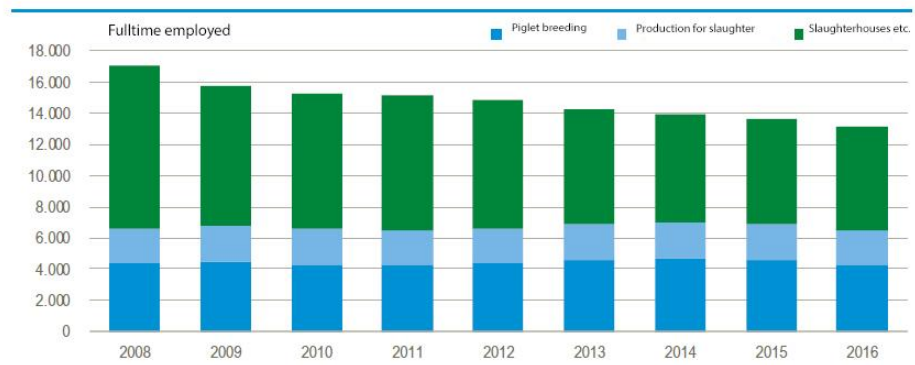
While reporting on physical issues is very high in slaughtering, it is a big question to what degree stress and health issues related to a high speed work organisation is reported. As piece-meal measures are initiated by management as well as employees, there are not major incentives to report the health & safety issues related to the work organisation per se. Hence, a underreporting within this area is a possibility.

## Appendix: Employment in the pork value chain

Generally, the breeding efficiency as well as slaughtering and processing efficiency has developed quite markedly over the years (see report WP2 Denmark), and compared to most other countries, the amount of pigs produced and slaughtered per employee is very high. While the employment in breeding is relatively unchanged over the years, the farms are producing still more pigs, i.e. efficiency has improved significantly.

The figure below shows that app. 17,000 were employed in the pig value chain in 2008, while there was 13,000 employed in 2016 – covering the whole value chain of breeding, slaughtering and processing.

Figure 6 Employment by primary pig production and manufacturing of pig meat in Denmark



Kilde: Statistikbanken.dk/ERHV1. Branchekoder 014610 Avl af smågrise, 014620 Produktion af slagtesvin og 101110 Forarbejdning af svinekød.

The unions do not ask their members about nationality, but their websites are accessible in Polish, German and English, and they translate the collective agreements as well.

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### *Interviews*

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- Jim Jensen, forbundsnæstformand, Food Worker's Union – NNF Denmark
- Bjarne Thomsen, chefkonsulent, Food Worker's Union – NNF Denmark
- Karsten Flemin, markedsanalytiker, SEGES, Landbrug & Fødevarer
- Finn Udesen, chefkonsulent, SEGES, Landbrug & Fødevarer
- Andreas Friis, Vice President, Group HR, Danish Crown
- Birgit Frederiksen, HR manager, Tican
- Morten Fischer-Nielsen, 3F (Fagligt Fælles Forbund – United Federation of Danish Workers)
- Jesper Zanchetta Kock, Employers' Confederation of Danish Industry (DI - Dansk Industri) representin .Association for Slaughthouses (Slagteriernes Arbejdsgiverforening, SA)
- Jens Bjørn Poulsen, GLS-A (Gartneri-, Land- og Skovbrugets Arbejdsgivere – Employers' Association for Agriculture, Forestry and Horticulture).
- Bjarke Refslund, Aalborg University

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