



Public administration characteristics and performance in EU28: Denmark

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1 SIZE OF GOVERNMENT

Denmark ranks high in total expenditures of GDP and in central government share. The Danish economy is viewed as relatively strong. The economy took a dive during the Financial Crisis, but is now on its way up again. The Danish public sector has long been recognized as being a typical Nordic welfare state.

Table 1: General government budget data

DENMARK	2010	EU 28 Rank	2015	EU 28 Rank	Δ Value	Δ Rank
Total expenditures (in % GDP)	57.06	2	55.98	3	-1.08	-1
Central government share (%)	74.55	8	75.01	8	+0.46	+0
State government share (%)						
Local government share (%)	63.13		63.73			
Public investment (in % GDP)	3.31	22	3.80	15	+0.49	+7
Debt in % GDP	42.88	6	40.39	10	-2.49	-4
Deficit in % GDP	-2.7	4	-1.7	8	+1.0	-4

Sources: AMECO, Eurostat

The period under investigation shows that the Danish economy has remained at the top of the EU 28 rank. Denmark faced some problems during the financial crisis, but still managed to hold the fort of the basic economic indicators. Denmark's deficit in GDP improved from -2,7% in 2010 to -1,7% in 2015. The public debt was around 40% of GDP which was ranked at 8 place in the EU28 ranking.

The Danish public sector uses 54,8% of its GDP (OECD Governance at a glance). The EUROSTAT data mentions 57,06% in 2010 which fell to 55,98% in 2015. This figure has been steady for a number of years. It confirms Denmark's position as a country that spends on its public sector. Denmark ranks fourth in OECD-countries after Greece, Finland and France. Denmark is like the other Nordic countries that spent a lot of resources on the public sector (Greve, Lægroid, Rykkja, eds. 2016).

Table 2: Public sector employment*

DENMARK	2005	OECD EU18 rank	2011	OECD EU12 rank	Δ Value
Total public sector employment in % of total labour force	32.10	2	32.20	1	+0.10
	2005	OECD EU21 rank	2011	OECD EU19 rank	Δ Value
General government employment in % of total labour force	29.20	1			
			2011	OECD EU17 rank	
Central government share of general government employment			24.02	11	

Sources: OECD- Government at a glance

*According to the OECD, public sector employment includes public corporations, while general government employment excludes public corporations.

Table 3: Public sector employment in Denmark

DENMARK	2016
(1) General government employment*	716.466
thereby share of central government (%)	173.172 (24%)
thereby share of state/regional government (%)	119.951 (17%)
thereby share of local government (%)	418.501 (58%)
(2) Public employment in social security functions	230.150
(3) Public employment in the army	23.391
(4) Public employment in police	24.398
(5) Public employment in employment services	23.496
(6) Public employment in schools	141.812
(7) Public employment in universities	Included in schools under "education"
(8) Public employment in hospitals	182.738
(9) Public employment in core public administration calculated (1) minus (2)-(9)	90,481
(10) Core public administration employment in % of general government employment (10)/(1)	12.63%

Sources: National statistics. Statistics Denmark

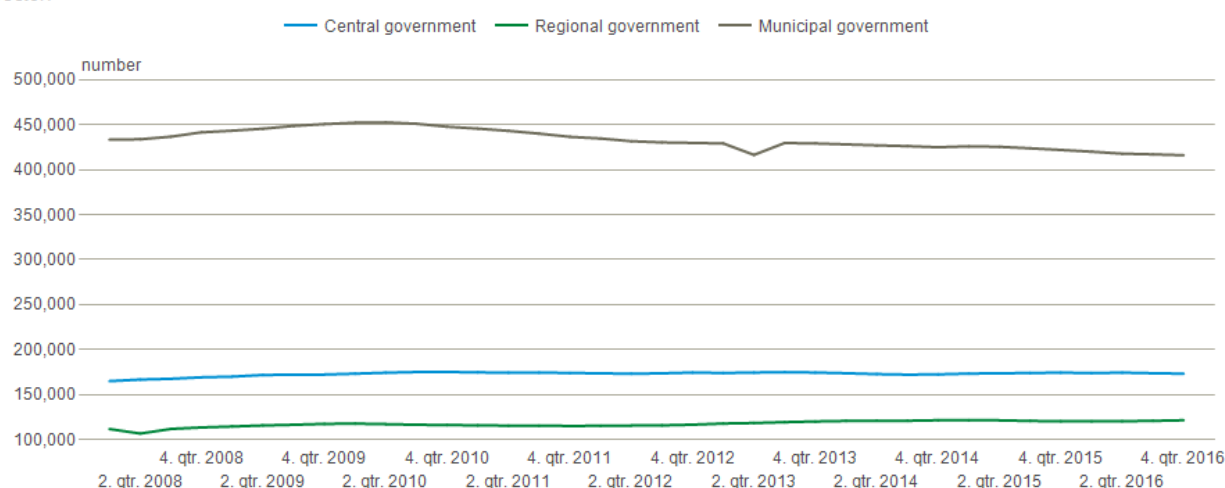
*According to the OECD, general government employment excludes public corporations. This figure 716.466 includes all government employees in Denmark.

Denmark has a high share of its labour force placed in the public sector. This is connected to the political priority of a visible welfare state that cares for its citizens. The tables show that Denmark ranks as number 1 or number 3 among the OECD countries with regard to total public sector employment of the total labour force and in central government employment of the total labour force. Denmark has built up a welfare state during many years, but has also modernized the public sector at the same time.

Government employment in Denmark was 716.466 persons. Government employment in Denmark has been fairly steady for the last ten years. Staff distribution reflects the division of labour between central government, regional government and local government. Denmark remains a fairly decentralized country with strong local governments. In 2008 there were 165.000 people employed in central government, 111.000 in regions and 433.000 in local governments. In 2016 those numbers were 173.000 in central government, 121.000 in regions and 416.000 in local governments. So the only level of government that provided cutbacks was the local government level. Most delivery functions are the responsibility of regional and local governments. Health employees are mainly located in the Danish regions (responsible for the hospitals) while some tasks connected to pre-and post-hospital care has been delegated to the local governments.

Public full-time employees (seasonally adjusted)

Sector:



Source: Statistics Denmark

2 SCOPE AND STRUCTURE OF GOVERNMENT

2.1 State system and multi-level governance

2.1.1 The state/government system

The Danish polity is divided into three distinct levels (aside from the fourth European Union level not dealt with here). There is the central government level with the 18 ministries and their 100+ agencies. Next is the regional level with 5 regions whose main responsibility is hospitals and some industrial policy. Finally, there is the local government level with the 98 local governments. The local governments have responsibilities for nearly all the main public services to the citizens, including child care provision, elderly care provision and employment services. Aside from that there are some services that have special administrative divisions. The Danish police are organized in 12 police districts. The primary courts are organized in 22 court districts. The local government's decentralized structure is mentioned in the Danish constitution's §82. Local governments can levy their own taxes. The regions that are responsible for running the hospitals cannot levy their own taxes. The regions receive a grant from the government instead.

The Danish government has traditionally been a centralized government with strong ministries, but also a very decentralized government with local governments. Since the 1980's, the Ministry of Finance has had the main coordination power in the government because of responsibility for the overall budget. The Prime Minister's Office also has coordination responsibilities of course, but the coordination of each government is often determined by the power relationship between the Prime Minister's Office and the Ministry of Finance. In central government itself, most ministries are divided between a policy formulating department and a more implementation oriented number of agencies. However, there is now set organizational model anymore for the ministries in central government as such. Some ministries incorporate agencies in the department while other ministries delegate decision-making power to agencies. There is not a standard model of how to organize a ministry anymore. The autonomy / self-regulation of local governments is secured in the Danish constitution §82. While the modern 98 local

governments are perceived to be strong, this was not always the case. In a local government reform of 1970, 1300+ local governments were reduced to a much lower number which stabilized around 271 local governments and 13 regions. In 2007 that number was reduced again to the 98 local governments and 5 regions we know now.

2.1.2 The distribution of powers between different levels of government

The distribution of powers between the levels of government is reasonably clear, and the new regional- and local government structure was the outcome of the Structural Reform (Local government reform) that was initiated in 2007. The purpose of the Structural Reform was to make the local government size more robust and also make it the primary entry for citizens when dealing with the public sector. The Structural Reform of 2007 was preceded by the Structural Commission that delivered a solid report documenting and analysing all tasks for local governments and making recommendations on how to organize local governments in the future. Since then there has been some shift in tasks in some areas, but mostly tasks are allocated according to the division of labour between central government, regional government and local government established by the Structural Reform of 2007.

Table 4: Distribution of competences

Government level:	Legislation	Regulation	Funding	Provision
Central government				
Defence	Legislation, regulation, funding and provision by the state. Some services (like police) take place in special districts. Public utilities are organized as state owned companies. Many utilities also exist at the regional level			
External affairs				
Internal affairs (police)				
Justice				
Finance/tax				
Economic affairs				
Environmental protection				
Public utilities				
Science and research				8 universities + university colleges
State/regional government				
Health	Central government legislation		Central government funding	
Local government				
Education	Central government legislation		Shared between central government and local government	
Social welfare	Central government legislation		Shared between central government and local government	

2.1.3. Intergovernmental cooperation

There is increasing intergovernmental cooperation given the demands of many policy-areas today. The most obvious examples are the cooperation on health, education, and employment policies where each level of government has to perform its part. The primary educational policy area is a case in point: The Ministry of Education is responsible for the overall legislation and policy proposals regarding primary school. There was a big reform of the Danish primary school sector in 2013. But the main responsibility for carrying out the political wishes and implementing the reform in practice rests with the 98 local governments which have around 1300 primary schools under their direction. The different levels of government have to work together for making educational policy happening. The same issue applies to the health sector where the Ministry of Health is responsible for the overall policy direction while regions are responsible for running the hospitals and local doctors and other health personnel are responsible for providing the health care services related to citizens before and after going to hospital.

The most important intergovernmental cooperation takes place in the financial and economic negotiations that occur annually between the Ministry of the Finance and the regions and local governments. The institution of the annual economic negotiations set the limit for what can be spend in regions and local governments the following budget year. These negotiations follow a strict script for how negotiations can develop. There are both formal and informal institutional rules connected to these negotiations that take place every year in June. These economic negotiations therefore form the backbone of the intergovernmental cooperation system in Denmark.

2.1.4 Multilevel governance and public sector reform

What is the overall capacity/power of the different government levels? In many ways, the new capacity was decided by the Structural Reforms and other administrative reforms in the 00's. The Structural Reform in 2007 reduced the number of local governments from 271 local governments and the 13 counties to 5 regional governments. The new local governments are stronger (average size 55.000 inhabitants) and deliver the services that are closest to the citizens. The 5 regions deliver health services from the hospitals. The central government takes care of the rest and has overall responsibility for economic affairs, justice, defence, environmental protection and many other areas. The central government level through its agencies is also responsible for the overall and detailed regulation. Homogeneity characterizes the overall Danish system. The biggest trend at the moment is the increasing centralization towards more power to the central government level at the expense of the local government level. Central government is undergoing a process where many tasks are centralized and many units are merged into fewer units. The universities, for example, were reduced from 12 universities in the early 2000's to now 8 universities and there is constant debate on whether there should be even fewer universities in the future. The central government is clearly driving the public management reform agenda, and the main actor is the Danish Ministry of Finance and other central ministries that initiate these administrative reforms.

There have been a number of structural and policy reforms in many areas of the Danish public sector during recent years. The most visible reforms were the Police Reform (2007), the Court reform (2007), the Structural Reform of local governments (2007), the Quality Reform (2006-2008), the Primary School Reform (2013), and the Employment Reform (2014). All of these reforms have changed the content of the policy

area in question, and most reform have also included structural elements, usually by making organizations bigger and merging existing organizations. Most reforms have had a minister as formal champion of the reform, but many reforms have also been assisted and supported by several ministries, including the Ministry of Finance.

State structure (federal - unitary) (coordinated - fragmented)	Executive government (consensus - intermediate - majoritarian)	Minister-mandarin relations (separate - shared) (politicized - depoliticized)	Implementation (centralized - decentralized)
Unitary and coordinated	Consensus	Separate, Depoliticized	Decentral in principle, but move towards ore centralization during recent years

2.2 Structure of executive government (central government level)

2.2.1. The Machinery of Government

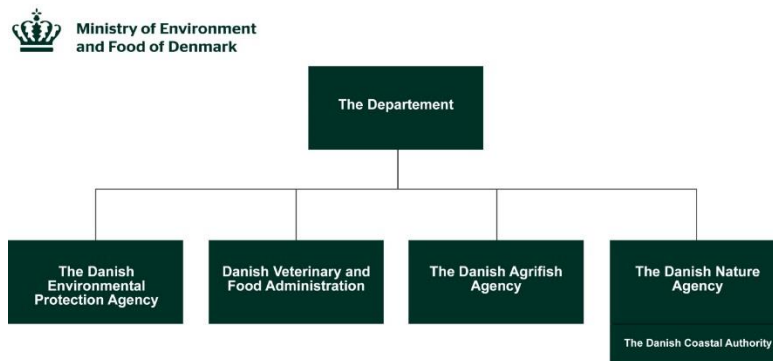
The central government is made up of currently 18 ministries (see www.regeringen.dk). The exact number and composition of the central government is the prerogative of the Prime Minister. Since Denmark is a parliamentary democracy and representation of multiple parties, it often means that Denmark is characterized by consensus politics. The government is often a minority government of several parties, and the government has to find support of other parties in Parliament to be able to pass legislation. The stable ministries are the Prime Minister's Office, the Ministry of Finance, Ministry of Foreign Affairs, Ministry of Justice and the Ministry of Defence. Besides those ministries, the Prime Minister can reorganize government ministries as he or she wishes. In 2017, there is a Ministry of Economic Affairs and the Interior and a Ministry of Children and Social Affairs, for example.

Each ministry has a permanent secretary as its highest civil servant. The formal leader of a ministry is the minister who is appointed by the Prime Minister. The minister is mostly a person elected to Parliament, but the Prime Minister can also appoint somebody from outside.

Each minister will usually have 1-3 special advisors ("spin doctors"). These are people who come and go with the minister, and have the sole job to be advisor to the minister. Their role is highly regulated and has now found a steady level since the inception of this position 10-15 years ago (see more her - in Danish: <http://www.modst.dk/Overenskomster-og-personalejura/Saerlige-raadgivere>)

Each ministry will have a number of executive agencies within its organization. A Danish ministry is typically divided between a smaller entity (called "the department") that advises the minister and takes care of policy coordination and then a number of agencies that deal with the substance. There are currently 18 ministries and 131 agencies in central government (see Agency of Modernisation: 2016: Statslige institutioner og ministeromrãders interne styring). To take one example, The Ministry of Environment of Food consists of "the department", and then a number of executive agencies: The Danish Environmental Protection Agency, the Danish Veterinary and Food Administration, the Danish Agrifish Agency, the Danish Nature Agency.

Figure: Example of a Danish ministry organization chart (here Ministry of Environment and Food).



State owned companies are in a category of their own. Some state owned companies are fully owned by state and have special regulations. Many state owned companies are organized as “limited companies” with external shareholders. Some state owned companies are listed on the stock exchange. Among the biggest state owned companies in Denmark are DSB (Danish State Railways), DONG Energy (the energy company). Denmark owned shares in 17 companies, owned 3 so-called “independent state companies” and 3 I/S companies. An overview of the state owned companies is provided every year by the Ministry of Finance (see more here: <https://www.fm.dk/publikationer/2016/statens-selskaber>)

There are also a number of autonomous bodies attached to a ministry. They will usually be found under the heading “Nævn og råd” (councils and advisory bodies). In 2001, the then prime minister Mr Anders Fogh Rasmussen announced that he was going to cut down on the number of councils and advisory bodies. But new bodies are still established and there still exist autonomous bodies in Denmark to this day.

2.2.1 Centre of government capacity for coordination

The Centre of Government coordination is highly institutionalized and structured in Denmark as a result of many years of experience. The formal coordination takes place in the government Cabinet. The government ministers meet every week (usually on a Tuesday) for a formal coordination meeting. The coordination institutions are well described in the Public Administration literature (see Jensen 2003, 2007). The main coordination actors are the Prime Minister’s Office and the Ministry of Finance. The exact nature of the coordination practice will depend to some extent of who occupies the positions of Prime Minister and Minister of Finance. The Prime Minister’s Office is in charge formally of all coordination across government level and will thereby coordinate major policy initiatives. The practical coordination will often fall in the hands of the Ministry of Finance who coordinates activities and controls spending across all ministries. The Ministry of Finance has been a highly powerful actor and institution in the Danish public administration system since the early 1980’s. The Ministry of Finance’s wide-ranging powers is, as mentioned, well documented in several research results by Danish Public Administration scholars, in particular Lotte Jensen from Copenhagen Business School. The more concrete coordination institutions are two civil servant committees: the Coordination Committee and the Economy Committee. These committees are chaired by

the permanent secretaries of the Prime Minister's Office and the Ministry of Finance respectively.

2.2.2 Budgeting and monitoring mechanisms

The budgeting and monitoring mechanisms in Danish central government are highly institutionalized. The power is assembled in the Ministry of Finance which is the ministry solely in charge of making budgetary policy and securing efficient budgetary mechanisms. The Ministry of Finance's tasks are: analyses of the macro-economic developments, international economic cooperation, work on the Finance Act and the budget analyses, negotiations with regional and local governments for their budgets, public management reform policy. There are a number of key tools and processes available for the Ministry of Finance. For the central government and the national budget, the key tool is the Annual Budget (the Finance Act). The proposal for a Finance Act is announced by the minister of finance every year in August. After that political negotiations open up between the government and the political parties in parliament. The negotiations last for several months. A final budget has to be agreed by the parties and voted on in Parliament each November. An annual process leading up to the agreement of the Annual Budget takes place through a well-played out script every year where all the main actors know exactly what to do.

The other big budget agreement of the year is the agreement with the regional- and local government-level. The negotiations between the minister of finance and the regions and local governments begin in the spring time. This budgetary agreement is negotiated during the spring, and is reached every year in June. The budgetary agreement sets the standard for any regional- and local government spending the following year. The agreement is the result of an institutionalized negotiation process and so is not solely the result of a direct order from the Ministry of Finance. The institutionalized negotiations are a main staple of the Danish political- and administrative culture. The third part in the budget and monitoring process is the Budget Law that came into being in 2012. The Budget Law gives the Ministry of Finance even more powers than before and essentially confirms the Ministry of Finance's dominant position in the Danish public administration system. The Budget Law provides a ceiling for spending for local governments and regional governments (see more at www.fm.dk)

2.2.3 Auditing and accountability

The auditing for central government is solely in the hands of the Danish National Audit Office called Rigsrevisionen. The National Audit Office's current organizational status has since 1991 been as an entity under the Danish Parliament. The legal foundation for the Audit Office is found in the Auditor General Act. The National Audit Office reports its findings to a committee of politicians in the Danish Public Accounts Committee. The National Audit Office is headed by an Auditor General. The current Auditor General's name is Lone Strøm. The National Audit Office both performs budget audits and performance audits (see more at <http://uk.rigsrevisionen.dk/>). The audit of local governments is a different story altogether. There is no central institution that audits all regional- and local governments. Local governments are responsible for finding audit firms themselves that will perform the audit. Many local governments sign contracts with well-known international audit firms such to perform the tasks while others keep the audit task in-house. The National Audit Office can only perform audits if central government money is involved.

A well-known accountability office is the Danish Ombudsman. The Ombudsman institution was enacted in 1966 in Denmark. Although the institution originates in Sweden, the Danish Ombudsman soon became an inspiration for many countries around the world. The Danish Ombudsman handles between 4000 and 5000 complaints from citizens per year. The Danish Ombudsman is a public office, but it is led by the person acting as Ombudsman, and current occupant of the office is Jørgen Steen Sørensen (see more here: <http://en.ombudsmanden.dk/ombudsmanden/>). The Ombudsman has usually been viewed as a powerful and important accountability office in the Danish government system.

2.2.4 Coordination of administrative reform

The main coordination body of administrative reform is the Ministry of Finance. Sometimes other ministries may take the lead if the reform is within their policy areas (like the Ministry of Education did with the Primary School Reform in 2011-2013), but often aided by the Ministry of Finance. The Prime Minister may lead from time to time if the reform is a politically important one (like Prime Minister Anders Fogh Rasmussen did with the Quality Reform 2006-2008). The Ministry of Finance has since the early 1980's been the main coordinator of public administrative reforms, and is main organization taking initiative to new reforms (see Ejersbo & Greve 2014; Greve, Lægheid and Rykkja, eds. 2016 for more information). In 2017, the Ministry of Finance is heading a brand new reform called the "Coherence Reform" ("Sammenhængsreformen"), and this is headed by a new Minister of Public Sector Innovation who is located within the Ministry of Finance. The main work with the new reform will be the responsibility of the Agency for Modernization (see: <http://www.modst.dk/ServiceMenu/In-English>).

3 KEY FEATURES OF THE CIVIL SERVICE SYSTEM

3.1 Status and categories of public employees

3.1.1 Definition of the civil service

In the Danish public sector, there are basically two categories of employees: civil servants and employees with a labour contract. The category of "civil servants" has fallen in numbers for the last 30 years. Civil servants with a life-long contract and the order not to go on strike, is a smaller category than it used to be. The civil servants today are only the top public sector executives, including permanent secretaries, and other people with special responsibilities towards the state. The group of civil servants makes up 19% of the workforce in the public sector while 78% of the persons employed under the main General Employment Framework (GEF). Many academic personnel in central government are organized in the trade union "DJØF" (The economists and lawyers' association which also organizes other groups with a social science and business background). The movement towards being employed on the GEF has gone on for several decades, and the category of "civil servant" of old is no longer considered the main employment form for most employees in central government in Denmark.

3.1.2 The configuration of the civil service system

The Danish public sector employment system is today mostly a merit-based system. Jobs are advertised and there is a competitive process for each job. Each ministry advertises for its own positions. There is no central entry competition for going into the

public sector. Jobs are more often now advertised on the internet, but also in trade magazines (such as "DJØF-bladet, the magazine belonging to the trade union DJØF) and national newspapers. Persons are chosen on the base of their merits. People are not allocated jobs because of personal favours or anything of that kind. The merit-based system seems to have worked well for the Danish public sector.

The rules governing employment in the public sector is based on the collective agreements that is agreed between employers and trade unions. The collective agreements stipulate the rights and responsibilities for employees in the public sector. Since Denmark is a very trade-unionized country, the collective agreements are relevant for most of public sector employees.

1.1 Civil service regulation at central government level

The government is responsible for the civil service regulation at central government level. The main responsibility for rules and policy is in the hands of the Danish Agency for Modernisation within the Danish Ministry of Finance. The civil service system has not undergone a particular reform as such, but many of the policies and regulations are being updated regularly. The main areas that the Agency for Modernisation currently works with are: performance management, personnel law and HR, collective agreements, administrative systems and procurement. The policies of the Agency for Modernisation are binding for all central government ministries and agencies. The policy has been consistent within the last ten years towards more performance-based systems, and more integrated administrative systems, and more central HR rules. More information can be found on www.modst.dk

1.2 Key characteristics of the central government HR System

3.1.3 The management of HRM

The authority in charge of the HRM-policy and civil service regulation of central government is the Ministry of Finance and especially its agency, the Agency of Modernization. The Agency of Modernization formulates and defines the HRM-policy for Danish central government. The agency's responsibilities include: provide leadership and guidance, design HRM-strategy, coordinate HRM policy, provide legal guidance, design the pay system, transmit public service values, define salary levels and benefits, promote diversity, and manage retirement and placement plans.

The Agency of Modernization within the Ministry of Finance is also responsible for budget allocation and pay systems although there is some delegation to individual ministries. Also distribution of posts and allocation of bonuses are decentralized to the individual ministries. The clear trend, nevertheless, is towards more centralization of HRM-tasks and responsibilities.

In regional- and local governments, the responsibility for forming an HRM-policy rests primarily with each individual regional- and local government. However, negotiations and deliberations also take place with union representatives in the mandated "Samarbejdsudvalg" ("cooperation committees" that larger workplaces are required to have. If a restructuring of an organization is about to take place, the Director of an organization usually has to formally notify the Cooperation Committee and the work place and to initiate negotiations if the restructuring involves laying people off work.

3.1.4 Internal processes of the civil service.

Lately, the Agency of Modernization has taken its responsibilities for transmitting public sector values seriously, because the Agency has in 2015 issued a small pamphlet with 7 crucial obligatory duties for central government employees (see more: http://www.modst.dk/ServiceMenu/Nyheder-og-presse/Nyhedsarkiv/OEkonomistyrelsen/~media/kodex/Engelskudgave_KodexVII.pdf).

The 7 key duties for public sector employees are:

- Legality
- Truthfulness
- Professionalism
- Development and cooperation
- Responsibility and management
- Openness about errors
- Party-political neutrality

3.1.5 Senior civil service

The senior civil service does not have a special set of rules as such, but their employment terms are also negotiated by DJØF, the trade union. Traditionally, the Danish civil service is not politicized. The Danish civil service prides itself on its competency and neutrality. The civil service does not change with each government, but stays and serve the government of the day. The working conditions have recently been investigated as part of a report into the conditions of top civil servants and politicians. The report is called the "Bo Smith-report" (after its chairman, a retired permanent secretary), and can be found here: <http://www.bosmithudv.dk/> (in Danish only). In 2005, the senior civil servants in central government, regional government and local government agreed upon a "codex of public governance" which stipulated 9 informal norms that top executives in the public sector were supposed to live up to (the codex can be found at www.publicgovernance.dk).

3.1.6 Social dialogue and the role of trade unions

Social dialogue with the trade unions is an integrated- and highly institutionalized part of the Danish public sector. Trade unions are the prime negotiation partners when it comes to negotiation salary under the collective agreements. As mentioned each workplace has to have a Cooperation Committee (samarbejdsudvalg). The Ministry of Finance and its Agency of Modernization acts as employers here and negotiate with a number of trade unions representing different categories of employees in the public sector. Trade unions' advice and input is often sought by ministries when preparing or implementing new legislation. Trade unions are also consulted and listened to when major new administrative reforms are prepared. In a recent reform-initiative of moving employees away from Copenhagen to cities in the rest of country was less successful as the trade unions believed they were not consulted enough before the political decisions were taken.

3.1.7 Remuneration

The pay and work conditions have also been examined in a government commission called the "Vederlagskommissionen" ("The Salary Commission):

<https://www.fm.dk/nyheder/pressemeddelelser/2016/01/vederlagskommissionen-har-afgivet-sin-rapport>. The commission was established to see if there was room for improving the pay of politicians and published its report in 2016. As a way to make a comparison, the pay and work conditions of top civil servants were also examined. There is a new research project that looks more into “rewards at the top” for Danish politicians and top civil servants based on the data collected as part of that commission. More info on the new research project on “rewards at the top” here: <http://www.kora.dk/aktuelt/undersogelser-i-gang/projekt/i13234/Rewards-at-the-top> (in Danish) (see also Bhatti, Hjelmar and Pedersen 2016 for a research note on the pay- and work condition for top public sector executives). The pay structure is formed around a base salary with possibilities for some annual bonuses. The pay is negotiated between the employer side (Ministry of Finance, Danish Regions and Local Government Denmark) and the trade unions through a collective bargaining process. The result of the collective bargaining for the recent rounds of negotiations can be found here: www.modst.dk (Agency of Modernisation website) The private sector employees still earn more than public sector employees, but the public sector employees are paid relatively well.. The Danish Productivity Commission provided an overview of remuneration in the Danish public sector: <http://produktivitetskommissionen.dk/media/151201/4%20Baggrundsrapport%20om%20Ooffentlige%20overenskomster.pdf>. Salaries contain mostly the basic salary, but also allow for bonuses. They are available throughout the public sector, including at the Permanent Secretary-level. Bonuses in the public sector can be given according to the following criteria: qualifications, functions, one-off payments, performance.

3.1.8 Degree of patronage and politicization

As Denmark’s public sector is a merit-based system, there is no room for direct political appointments into public sector posts. Promotion is formally based on a competitive procedure. The media is also very observant and will highlight immediately if something shady is going on. Consequently, Denmark has a long history of using a merit-based system without political patronage being present. The main top posts in central government are processed in the government’s hiring committee (“regeringens ansættelsesudvalg”). The members of the government’s hiring committee are: The prime minister, the minister of finance, the minister of justice, the minister of foreign affairs (see http://stm.dk/a_1848.html).

Denmark is also using resources to make its workforce more skilful. The Danish government – both central government, regional government, and local government – have invested in further education for their managers, including diploma-level professional management education and master-level professional education programs such as the Master of Public Governance-program for mid-career public managers (Greve & Reff 2017).

HR system (Career vs. position based)	Employment status (civil servant as standard; dual; employee as standard)	Differences between civil servants and public employees (high, medium, low)	Turnover (high, medium, low)
Career-based	Employee as standard	Low	Medium

Coherence among different government levels (high, medium, low)	compensation level vs. private sector (much higher, higher, same, lower, much lower)	Formal politicization through appointments (high, medium, low)	Functional politicization (high, medium, low)
High	Lower	Low	Low

4 POLITICAL ADMINISTRATIVE SYSTEM AND POLITICAL ECONOMY

4.1 Policy-making, coordination and implementation

4.1.1. State system

The first thing to understand about the Danish political-administrative system is that it is a highly institutionalized system that is geared after many generations towards negotiation, bargaining and consensus-seeking. Denmark is based upon both a Rechtsstaat and a welfare state, but on top of that Danes have built a highly elaborate system for negotiation and finding compromise. This is not only caused by the parliamentary system where there are 9 political parties and no single party in an overall majority, but also because the different parts of the Danish political system are very well organized. So the Danish system is really built on organized interests finding compromises together.

The Danish state structure is a unitary state divided in the three government levels that work closely together: central government, regional government and local government. The executive government is mainly consensual, which is a consequence of the political system with 8-9 parties in Parliament. Minister-mandarin relations are characterized by separation. There is no formal politicization as civil servants stay on in their job regardless of who is minister. The stability of the administrative system is remarkable at central government level although many administrative reforms have helped develop the public sector in a continuing manner. The distinct public service bargain is that politicians and civil servants rely on each other, but also respects each other's place in the political-administrative system.

The structure of the public sector is divided into a central government, 5 regions, and 98 local governments (municipalities). There are 18 ministries. A typical division of tasks in a ministry is as follows: In a government department: 1 permanent secretary, head of department, heads of divisions, head of sections, academic and administrative staff. In a government agency: 1 director-general, heads of divisions, heads of sections, academic and administrative staff.

Distribution of powers	Coordination quality (high, medium, low)	Fragmentation (high, medium, low)
	High	Low

4.1.2. Consultation for decision-making

In the research literature, the political-administrative system has variously been known as neo-corporatism or a social democratic welfare state model, but perhaps a more

precise categorization is that of the “negotiated economy” which Ove K. Pedersen (2012) and colleagues have been describing since the 1980’s. The negotiated economy is an institutionalized system where the different actors know each other well and base their decisions and strategies on agreed-upon evidence produced by a number of organizations, including government knowledge organization, in what Campbell and Pedersen came to call “knowledge regimes”. The producers of knowledge in the knowledge regime come up with statistics and codified knowledge that makes evidence-based policymaking possible.

Although the same Campbell and Pedersen (2014) may call the Danish model a “hybrid” between the well-known categories in political economy of “coordinated” and “liberal” economies, most researchers would tend to put Denmark in the “coordinated economy” box. Denmark’s political economy is indeed highly institutionalized, negotiated, knowledge-based and coordinated. The general feature is also known in most of the other Nordic countries (see Greve, Lægread and Rykkja 2016 for more documentation).

Most Danish policymaking therefore takes place in an elaborate and designed institutional negotiation structure where many organized interests are consulted and drawn into the policymaking- and implementation process. Trade unions take implementation responsibility and their remit goes much further than just wage bargaining. Indeed, the collective agreements contain not only wage issues, but also other issues related to the work context. In each policy area, there will be a particular mix of organized interest that negotiates with each other. The negotiation spirit and the Danish labour market system is what produced the famous “flexicurity”-model.

The negotiation inclination also extends to the relationship between central government and the regional- and local governments. The partners negotiate on a number of policy issues all year round, but the main event each year is the annual budget agreement that is usually reached every year in June. This annual budget agreement has become an institutionalized negotiation where a lot of other issues are added to the final agreement. One year, the negotiators may agree on a new performance-based management system, the next year they might focus on raising the bar for elderly care in local governments. The annual budget agreement is a key institution for policymaking and implementation issues. Also, the government likes to make economic plans with a 10 year or so perspective. In 2017, the Danish government is negotiation a new “2025-plan”.

A current possible looming controversy is that the central government wants to assume more implementation responsibility in policy areas that have traditionally been reserved for the local governments. We find this situation in both the educational area where central government wanted to be a key partner in implementation of the Primary School Reform, and now we find it in elderly care area where the government is also proving to be keen on having more of a say. Local governments have responded by firmly issuing statements saying that public service delivery is the main responsibility of the local governments because local governments are closest to citizens.

One area where there perhaps is room for change is to make more availability for citizens to become involved in policymaking and implementation. Citizens have to a certain extent been seen mostly as recipients of services, but more local governments have begun to include citizens in both policymaking and implementation. There is a current movement for more engaged co-production (or co-creation as it is mostly practiced in Danish local governments). Many local governments are experimenting with taking citizens more into decision-making as well, witness for example the recent

experiences in Gentofte Local Government just north of Copenhagen (for more information, see recent writings by Eva Sørensen and Jacob Torfing (2017) at Roskilde University who are following the experiments from a research point of view).

Political economy (liberal – coordinated)	Interest intermediation (corporatist – pluralistic)	Citizen participation (strong – weak)	Policy style
Coordinated	Corporatist by tradition	Strong	Consensual

4.1.3 Policy advice and changes in human resources

Most policy advice is taken care of by the ministerial departments in the Danish bureaucracy. External experts are drawn into policymaking through a variety of ways, not least through being appointed members of government councils and advisory boards. Trade unions and other interest organizations are routinely drawn upon in preparing new legislation. There is an institutionalized round of hearing for many policy proposals in most policy areas. As stated above, Denmark is a highly corporatist and negotiation-based society that rest upon receiving professional consultation, advice and knowledge from organized interests.

As civil servants are staying on regardless of which government they have to serve, there is a transition of a few posts for the so-called “special advisors” which are sometimes also known as “spin doctors”. Each government minister can hire one special advisor or spin doctor (see Prime Minister’s Office website documentation: <http://www.modst.dk/Overenskomster-og-personalejura/Saerlige-raadgivere>), but ministers who are also party chairpersons may hire 2 special advisors.

Sources of policy advice (mandarins, cabinets, external experts)	Administrative autonomy (high – medium – low)	Patronage & politicization (formal, functional) (merit – patronage) (high – medium – low)	Public Service Bargains (Agency – Trustee)	Stability (high – low – no turnover after elections)
Mandarins plus some external experts	High	Merit Low	Trustee	High No turnover after elections

4.2 Administrative tradition and culture

The key administrative tradition is that of a *Rechtstaat* and a Social Democratic welfare state. The public administration is open to new recruitment. The Danish public sector hires on a merit-based tradition. The procedural logic through the *Rechtsstaat* and the Welfare State has ruled for decades. Denmark is known throughout the world – together with the other Nordic countries – as being a Nordic welfare state. Denmark has been influenced by many New Public Management reforms during the last 20-30 years, and like the other Nordic countries Denmark also has distinct NPM-traits in its administration (as documented in Greve, Lægreid and Rykkja, eds. 2016), although the overall picture is now one of a mixed, pragmatic model. In recent years, an influential observer argued that Denmark was now turning into a “competition state” on top of being a welfare state

(Pedersen 2011). However, Denmark is still seen by many as the archetypical welfare state.

The Danish national culture is consensual and characterized by a low power distance, and imprinted by collectivism. However, Denmark is often thought of as being the most individualist-minded country among the Nordic countries. Danes have a high trust towards each other, and is placed high as no. 1 or 2 in indexes on "happiness". Denmark also tops the OECD's Better Life Index when it comes to work-life-balance.

Hofstede national culture dimensions		
Dimension	Value	Average EU28
Power Distance	18	52
Individualism/Collectivism	74	57
Masculinity/Feminity	16	44
Uncertainty Avoidance	23	70
Long-term Orientation	35	57
Indulgence/Self-restraint	70	44

Sources: Geert Hofstede's national culture dimensions, <https://geert-hofstede.com/national-culture.html>.¹

Administrative culture Rechtsstaat, Public Interest	Welfare state (liberal, conservative, social-democratic)	Public Sector openness (open, medium, closed)
Rechtsstaat and Welfare State	Social Democratic	Open

Key PA Values	Managerial vs Procedural (Managerial, Mixed, Procedural)	Red Tape (regulatory density) (very high to very low)	Discretion/autonomy (high, low, medium)
Trust, Openness Neutrality Competence	Mixed	Very high	Medium

5 GOVERNMENT CAPACITY AND PERFORMANCE

Denmark ranks high on many indicators in government capacity and performance. A key set of indicators is from the Bertelsmann Foundation on Sustainable Governance. Denmark's score comes out as high, and it is generally well recognized that Denmark's capacity for governance is strong. The World Wide Governance Indicators from the World Bank also shows that Denmark is on top.

Denmark has built a strong system for government capacity and performance over time. There are at least 3 reasons for this. 1) Denmark is a small, open economy that has to stay agile and alert towards external changes in the international environment, and so Denmark has got to compete and improve its performance on a continuing basis. 2)

¹ Interpretation: power distance (high value = higher acceptance of hierarchy and unequal distribution of power); individualism (high value = stronger individualist culture); masculinity (high value = higher masculinity of society); long-term orientation (high value = stronger long-term orientation); indulgence (high value = indulgence)

Denmark has been modernising its public administration system on a continuing basis since 1983 through consecutive modernization programmes³) Denmark undertook a number of daring administrative and structural reforms during the 2000's, including the Structural Reform of its local government system.

The indicators reported in the various indexes appear to be valid and relevant for the Danish case, and is in general agreement with recent research results on Denmark and the other Nordic countries, for example reported in Greve, Lægveid and Rykkja 2016.

5.1 Transparency and accountability

Indicator	Value 2014	EU28 rank	Value 2016	EU28 rank	Δ Value	Δ Rank
Access to government information (1-10)	9.00	5	9.00	3	0.00	+2
	Value 2013	EU28 rank	Value 2015	EU28 rank	Δ Value	Δ Rank
Transparency of government (0-100)	59.00	11	68.67	8	+9.67	+3
	Value 2010	EU28 rank	Value 2015	EU28 rank	Δ Value	Δ Rank
Voice and accountability (-2.5,+2.5)	1.58	1	1.57	2	-0.01	-1
Control of corruption (-2.5,+2.5)	2.41	1	2.23	3	-0.18	-2
TI perception of corruption (0-100)	92.00	1	91.00	1	-1.00	0
	Value 2010	EU28 rank	Value 2014	EU28 rank	Δ Value	Δ Rank
Gallup perception of corruption (%)	13.00	1	19.00	2	+6.00	-1

Sources: Bertelsmann Stiftung, European Commission, World Bank, Transparency International, Gallup World Poll.

Note: The ranking of the Gallup perception of corruption is based on 27 countries, and on the 2009 values for Estonia and Latvia.

Denmark has a rich tradition for being a transparent and open country. The basket of indicators on transparency and accountability offers a clear view. As the table indicates, the clearest manifestation of this is the top position in the Transparency Perception Index ranking over countries with least corruption (see www.transparency.org). Denmark has been at the top position (with a score of 90 out of a 100) a number of times and has consistently been ranked among the top countries in the respect. Denmark also tops the Gallup World Poll on perception of corruption as the country with the least corrupt system. Denmark is also number one in the World Bank's Governance Indicators Index on "control of corruption". This points to the conclusion that Denmark is a country where traditionally and recently, Danish civil servants did not take bribes. The reasons for Denmark's positions have often been debated. The high ranking here could be because of a strong and independent free press, the fact that many services are provided by the public sector itself and also professional work ethic. Recent changes towards more contracting out in some sectors and some services may cause changes to that picture. A recent case in Denmark where employees from a regional government received gifts from an IT-company may put another perspective on the Danish case (the current case is still being investigated and are in the court system now).

Denmark ranks high as no. 1 in the "voice and accountability" category in the World Bank's Worldwide Governance Index

Denmark has also in the post-war period had a comparatively strong interest in open government. Denmark joined the Obama-initiated Open Government Partnership in 2011 (the relationship is being maintained by the Ministry of Finance since it is responsible for public administration reform policy). The Ombudsman office has long been a pride of the

Danish public sector and has acted as an official guardian towards malpractice in government. The National Audit Office produced reports regularly about the practice of government, and thereby helps improving a strong sense of audit and accountability.

While Denmark's track record in transparency and open government is generally considered good, some eyebrows were raised a couple of years ago when the Danish Parliament voted for a new Law on Open Government. Denmark ranks 5th in the EU concerning access to government information, and this position may change further downwards as the new Law on Access to Public Files is being implemented which make Denmark's central government more closed off to the public and to the media. The new law was generally criticized for closing too many areas of the central government to the press. Especially a clause where negotiations and correspondence between ministries were to be kept in the dark raised general criticism. The government of the day and many of the parties in Parliament that voted for the change in the law argued that, in fact, the government would be more open as new areas (for example state owned companies) were being included in the law. However, the practice under the new law has turned out to be too restrictive – as predicted by the sceptics in the press. Public pressure built for further legal amendments to make the public administration more accessible to the public again. There is currently a fierce debate in Denmark on whether parliament sealed off too many types of information in the last revision of the Law on Access to Public Files. The current minister of justice has promised to look into a new revision of the law, but so far (in 2017) no solution has been found. The current ranking is therefore likely to be slipping down further in the coming years if a revision does not get through parliament.

5.2 Civil service system and HRM

Indicator	Value 2012	EU28 rank	Value 2015	EU28 rank	Δ Value	Δ Rank
Impartiality (1-7)	1.83	2	1.58	2	-0.25	0
	Value 2012	EU26 rank	Value 2015	EU26 rank	Δ Value	Δ Rank
Professionalism (1-7)	5.67	2	5.81	2	+0.14	0
Closedness (1-7)	3.97	26	4.07	20	+0.10	+6

Source: *Quality of Government Institute Gothenburg.*

The HR dimension offers a clear view of the Danish public administration to deliver results that matter to the citizens. Denmark ranks as no. 2 in the category "Impartiality" in the survey from the Quality of Government Institute in Gothenburg. The Danish public administration is generally adhering to the notion of equality before the law. Citizens should be treated equally and the civil servants must not use discrimination. The high ranking in the impartiality category seems to confirm this fact. Denmark also ranks as no. 2 in having the "professionalism"-category which means that Denmark has a competent and professional civil service. A fact that is also highlighted in the COCOPS-project where civil servants from the Nordic countries answered that they would introduce new management instrument while still keeping up the values of professionalism and impartiality (Greve, Lægveid & Rykkja, eds. 2016). The HRM system is generally perceived to be flexible enough to allow for recruitment of new competences and to make government capacity for performing better a real possibility. Through the famous "flexicurity system" in the labour market, the Danish government can relatively easy fire people should it want to, and also hire people again (or new people) with relative ease and based on their merits. The merit-based system means that the central government can recruit for new competences all the time. The Danish system is therefore a flexible system that allows for building capacity for better performance.

The HR capacity is considered to be strong in workforce size, competence, ability, and engagement. The civil service with its many career-employees and merit-based system has proven to be robust. The government is still an attractive employer. The key strength is its stability and its capacity to change at the same time.

5.3 Service delivery and digitalization

Indicator	Value 2013	EU28 rank	Value 2015	EU28 rank	Δ Value	Δ Rank
E-government users (%)	65.66	1	68.71	2	+3.05	-1
Pre-filled forms (%)	71.20	6	76.67	5	+5.47	+1
Online service completion (%)	84.86	8	93.86	5	+9.00	+3
	Value 2010	EU28 rank	Value 2016	EU28 rank	Δ Value	Δ Rank
Online services (0-1)	0.67	5	0.78	14	+0.11	-9
	Value 2013	EU27 rank				
Barriers to public sector innovation (%)	32.33	11				
			Value 2015	EU28 rank		
Services to businesses (%)			60.00	6		
	Value 2011	EU28 rank	Value 2016	EU28 rank	Δ Value	Δ Rank
Ease of Doing business (0-100)	85.72	1	84.87	1	-0.85	0

Sources: European Commission Digital Economy and Society Index UN e-government Index, EU Scoreboard Public innovation, Eurobarometer num.417, World Bank Ease of Doing Business.

The reforms launched for the last two decades have relied mainly on digitalisation. The key trend in Denmark is to have digital solutions as the default option. This has succeeded because of consecutive digital strategies across the three levels of government in central government, regional government and local government. The numbers in the table seem to confirm this picture. Denmark ranks as no. 1 in the category of "e-government users" in 2013 and no. 2 in 2015. Denmark is in the top 10 when it comes to the categories "pre-filled forms" and "online service completion". In the category of "service to business" Denmark was ranked no. 6. In the category "ease of doing business", Denmark is ranked as no. 1, a picture that is often echoed in similar type of surveys. Denmark seems to have hit the right note when digitalizing the public services in recent years.

Local governments have proven effective in providing high quality public services to its citizens. In recent years all levels of government have strived to integrate digital solutions into the public service delivery. Digitalization is one area where Denmark has been among the leading countries in the world. Denmark is a highly digitalized country. 91% of the population has access to the internet. Many services are digital today. In 2000's Denmark made use of many digital service compulsory. Denmark has pursued a mutual digital strategy where central government, regional government, and local government formulate and implement the same digital strategy. The mutual digital strategy for the period 2016-2020 is called: "A Stronger and More Secure Digital Denmark" (Agency of Digitization, Ministry of Finance 2016). The Ministry of Finance is leading this strategy through its Agency of Digitalization. The leader of the agency, Mr. Lars Frelle-Petersen is a highly respected top executive in the public sector who has led a team of dedicated reformers. The results have not been difficult to see: Denmark ranks on top in the European Union's Digital Society and Economy Index in 2017. <https://ec.europa.eu/digital-single-market/desi>

5.4 Organization and management of government

Indicator	Value 2014	EU28 rank	Value 2016	EU28 rank	Δ Value	Δ Rank
Strategic planning capacity (1-10)	9.00	1	9.00	1	0.00	0
Interministerial coordination (1-10)	8.50	2	8.50	3	0.00	-1
SGI Implementation capacity (1-10)	8.29	2	8.29	1	0.00	+1
	Value 2012	EU26 rank	Value 2015	EU27 rank	Δ Value	Δ Rank
QOG Implementation capacity (1-7)	5.62	6	5.47	5	-0.15	+1

Sources: Bertelsmann Stiftung, Quality of Government Institute Gothenburg.

The Danish public sector appears to have sufficient capacity to provide clear direction to its civil servants, and to manage resources professionally and to a high competency standard. On strategic planning capacity in general, Denmark scores 9.00 on a 10-point scale. In 2016 ranking it is first place in the Sustainable Governance Index, developed by Bertelsmann Foundation. In the category of "inter-ministerial coordination", Denmark scores 8.50 and is ranked third in 2016. This description and placement in ranking seems understandable given what has been said above about Denmark's integrated and institutionalized policy-making and governance system. Bertelsmann describes the strategic system as being consensus-oriented with a strong policy review capacity in the Prime Minister's Office and all Danish governments' inclination towards long-term economic planning and forecasts. This is supported by a very able and ample Ministry of Finance that has assembled much of the expertise and capacity in Denmark for strategic planning.

Bertelsmann also mentions that Denmark sometimes uses experimental approaches in policymaking, and that ongoing discussions on improving public sector productivity often leads to institutional reforms. Denmark scores 8.29 and is ranked first in 2016 in the category "SGI Implementation capacity". The Danish government appears to be strongly focused on maintaining a robust capacity for creating better performance in the public sector. The many major administrative reforms (Structural Reform of local government, Primary School Reform) bear witness to this. The Danish government is working constantly to improve the way implementation occurs. Special emphasis was put on implementation in the Danish Primary School Reform of 2013. Denmark has been reform-inclined in recent years in order to strengthen the government's strategic capacity.

5.5 Policy-making, coordination and regulation

Indicator	Value 2014	EU28 rank	Value 2016	EU28 rank	Δ Value	Δ Rank
Societal consultation (1-10)	9.00	2	9.00	1	0.00	+1
Use of evidence based instruments (1-10)	8.67	1	8.67	2	0.00	-1
	Value 2010	EU28 rank	Value 2015	EU28 rank	Δ Value	Δ Rank
Regulatory quality (-2.5,+2.5)	1.88	2	1.73	6	-0.15	-4
Rule of law (-2.5,+2.5)	1.90	3	2.04	3	+0.14	0

Sources: Bertelsmann Stiftung, World Bank.

Denmark has a long tradition for institutionalized corporatist policy-making which involves a high degree of consultation. Denmark is ranked first in 2016 in the category of "societal consultation". Denmark has developed a highly institutionalized system of policy-making, coordination and regulation where interest organizations, trade unions and other organized interests routinely are consulted and drawn into the policy-making process. No major legislation is likely to be passed without first having had a major

process of consulting and debating the issue with the organized interest and the public in some instances. Whenever there is a major reform, the government tries to organize conferences and seminars to hear views of the organized interests. The system of dialogue and negotiation has been developed over many decades and now seems to characterize the modern Danish welfare state. Denmark also ranks high as second in the category of using evidence-based instruments. . Denmark is also known for its high regulatory quality which comes from its Rechtsstaat and Welfare State tradition. Denmark seems to have fallen from second place in 2010 to fifth place in 2015 with regard to regulatory quality. It is difficult to explain exactly what has caused this drop in the rankings. One explanation may be that other countries have improved their own position in the meantime and thereby surpassed Denmark. Denmark ranks third in the category of “rule of law” in the World Bank’s Worldwide Governance Index which seems to be a respectable ranking for Denmark, being in the top 3. In line with the Rechtsstaat-tradition and the regulatory quality of the Danish public administration as well as its values of impartiality, the high ranking of the importance of rule of law in Denmark does not seem surprising.

5.6 Overall government performance

Indicator	Value 2010	EU28 rank	Value 2016	EU28 rank	Δ Value	Δ Rank
Trust in government (%)	50.00	5	43.00	5	-7.00	0
	Value 2011	EU27 rank				
Improvement of PA over last 5 years (%)	8.00	14				
	Value 2010	EU28 rank	Value 2015	EU28 rank	Δ Value	Δ Rank
Public sector performance (1-7)	6.06	1	5.24	7	-0.82	-6
Government effectiveness (-2.5,+2.5)	2.09	2	1.85	1	-0.24	+1

Sources: Eurobarometer 85, Eurobarometer 370, World Bank, World Economic Forum.

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