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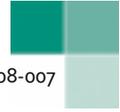
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**COUNTRY REPORT 2 2011
ECONOMIC CASE FOR ANTI-DISCRIMINATION**

**DENMARK
RUTH EMERЕК & MARTIN BAK JØRGENSEN**

15 June 2011

This report follows the guidelines which have been drafted for the **Network of socio-economic experts in the Anti-discrimination Field** established and managed by:

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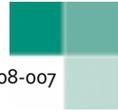


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1 INTRODUCTION

1. There is almost no discussion of discrimination in Denmark. We do not know the scope and impact of discrimination. Consequently, there will be difficulties in assessing the economical case for anti-discrimination. We are simply not at that stage yet. This assessment was also the one prevailing among the participants at the national workshop 2012.
2. We have found only very few examples – and no calculations of the cost of discrimination. On the other hand to fulfil the Europe 2020 Economic reform package, which states that Member states cannot afford to leave out any group of citizens residing in the EU, in May this year the Danish government¹ has with support of the Social Liberal Party (Radikale Venstre) and the Danish People's Party (Dansk Folkeparti) made an agreement which postpones retirement, and further with the Danish People's Party (Dansk Folkeparti) and an independent member (earlier member of the Conservatives) Pia Christmas Møller made an agreement regarding special initiatives to include more immigrants and descendants from non western countries in employment, and to ensure that all people who receive benefits are available as potential workers in the labour market.²
3. The agreements have been made, although unions have provided evidence that older workers who take early retirement to a great extent are low skilled workers who have had hard working conditions, although the Disabled People's Organisations Denmark said that it feared that the government's 2020 plan will hit the most vulnerable persons in Denmark – especially disabled persons,³ and although the former leader of the Social Liberal Party (Radikale Venstre), and now spokesman for Integration for this party, Marianne Jelved, stated that it is "unworthy", "discriminating" and "deeply sad" that the Danish government and the Danish People's Party (Dansk Folkeparti) makes policy based on calculations of how much non-western immigrants and their descendants cost Denmark each year.⁴ These comments address the report *Indvandringens økonomiske konsekvenser* [economic consequences of immigration] from a governmental working group.⁵ This report was published in April this year, and is the fourth report on calculations of the cost of immigration. Earlier reports

¹ The Danish government consists of the Liberal Party (Venstre) and The Conservatives (Konservative) and has no majority in Parliament. It normally bases its majority on votes from the Danish People's Party (Dansk Folkeparti).

² Finansministeriet (2011): Aftaler om Reformpakken, http://www.fm.dk/Publikationer/2011/Aftaler%20om%20Reformpakken%202020/~/_media/Publikationer/Imported/2011/Aftaler%20reformpakken%202020/Aftaler%20om%20Reformpakken%202020_web.ashx

³ <http://www.handicap.dk/nyheder/regeringens-2020-plan-frygtes-at-ramme-de-svageste>

⁴ Politiken April 28th 2011.

⁵ Regeringens arbejdsgruppe om udredning af indvandringens økonomiske konsekvenser (2011): *Indvandringens økonomiske konsekvenser*, http://www.nyidanmark.dk/NR/rdonlyres/5A36C387-7BD5-4255-BDA7-F496B0244C68/0/delrapport_indvandringens_oekonomiske_konsekvenser.pdf

were published in 2002, 2005 and 2009. This report reveals that an immigrant from what is called less developed countries over a life-span gives a negative net contribution to the public sector, while immigrants from more developed countries make a positive net contribution and ethnic Danes in fact also make a negative net contribution over a life span. The calculation showed a negative net contribution on public finances of DKK 16 billions from immigrants and descendants from non-developed countries. The calculation reveals that immigrants (including refugees) from less developed countries are looked at as a cost – a problem -rather than a positive and welcome challenge to Danish culture. These kinds of calculations are however not only a Danish phenomenon, similar calculations has earlier been made of researchers in Norway and Sweden.⁶ It should also be mentioned that Jelved has used these estimates in other situations where they served a positive purpose.

4. The Danish welfare state builds on a universal system – with free access to education at all levels (with grants for persons over 18 years of age) free access to medical care and a redistribution system based on high income taxes and VAT, so Denmark has one of the lowest gini-coefficients in the world (meaning a very equal income distribution).⁷ This fact seems to imply an understanding in Denmark – especially in the Danish government and among its supporters - that we do not have inequality, as everyone has equal rights access. Here arises the misunderstanding that equal right result in equal possibilities - there can still be discrimination towards some groups and positive action may be necessary to create equality. As a result, discrimination is hardly recognized and positive actions are very seldom used. Instead it is discussed and calculated on various methods what can be gained if more persons are included in the labour force by ensuring that young people do not take too much time to complete their education, that workers 60+ years stay in the labour force and that no one - especially immigrants - claim benefit without being an active part of the labour force.⁸
5. Part of the agreements includes the postponing of early retirement, and is at the same time making it less economically attractive for persons with own pension savings to take early retirement. Furthermore, the pension age is postponed gradually and in 2040 the pension age will be 70 years and early retirement age

⁶ See for instance Eckberg (1995): Inkomsteffekter av invandring, Lund Economic studies nr. 27, Lunds Universitet; Gustavsson (1990): Public transfers and income Taxes among Immigrants and Natives in Sweden, International Migration, 28, 181-199; Wadensjö (1972) Immigration ock Samhällsekonomi, Lund, and Bager & Rezaei eds. (1998): Invandringens økonomiske konsekvenser i Skandinavien, Sydjysk Universitetsforlag.

⁷ The Danish Welfare Stat is built on one of the highest employment rates in Europe – and some of the highest taxes as well. This explains the strong focus on employment, as high unemployment and low labour market activity means a lower basis for taxes and higher public expenses.

⁸ The calculation in the 2020 report is based on the Danish Rational Economic Agents Model, DREAM.

67 years compared to respectively 65 and 60 years today. The agreement builds on the assumption that there is no age discrimination in employment, although research mentioned in our previous report this year indicates the contrary.⁹ More than half of the persons who take early retirement, do so because they are pushed out, because de are worn-out, have been fired or pushed out of employment by their employers.¹⁰ There will, however, from 2014 be introduced a new pension form, *senior pension*, for persons who after a long working life have health problems and need to retire before the pension age. It will be possible to retire within the five years before the pension age. This senior retirement scheme is not available to persons with long periods on social benefit [kontanthjælp].

6. Another part of the agreement deals with incitements to include more migrants and descendants from non-western countries in employment - to increase the employment rate by 10% from 2010 to 65% in 2020. The incitement is in line with earlier incitements (which are mainly sanctions) and includes sharpened sanctions if a person on social benefits refuses to take offered employment. At the same time the municipalities are rewarded if they make an effective integration of unemployed persons on the labour market. Although these initiatives are universal, they are mentioned in the section on 'More non-western migrants and descendants in employment' [Flere ikke-vestlige indvandrere og efterkommere i beskæftigelse]. Again the agreement builds on the assumption that there is no ethnic discrimination in employment, although research mentioned in our previous report from last year indicates so.¹¹ However this part of the agreement also mentions a bonus to private employers to employ immigrants and descendant from non-western countries from the first day, they are unemployed – which is a recognition that it may be more difficult for non-western immigrants and descendants to get back into employment.
7. The 2020 agreements are based on the economic assumption that more available workers will provide more employment – even in periods with relatively high unemployment rates, and that the work-surplus will come from older workers and non-western immigrants, who are the only groups with identifiably low employment rates. There is no discussion as to how this fits into the links between economic goals and social cohesion, which is the fundament of the European Unions in the Open Method of coordination and the monitoring of implementation of National Reform Programmes and the Social Inclusion/Social Protection process.

⁹ Ruth Emerek and Martin Bak Jørgensen (2011): Country Report 1 2011 - On Active Ageing

¹⁰ A new not yet published study from Aalborg University by the professors Per H. Jensen and Jørgen Goul Andersen reveals that 42.5% of men and 57.6% of women on early retirement has been 'pushed' into retirement.

¹¹ Ruth Emerek and Martin Bak Jørgensen (2010): Country Report 2 2010 - On Employment, Ethnicity and Migrants.



8. The Danish National Reform Program for 2011¹² does, however, neither explicitly nor implicitly acknowledge the need to combat discrimination in the labour market, it only mentions further initiatives to make more persons available for the labour market – that is, ensuring that the supply side is as large as possible, and leaving negotiation between the employers and the employees to agree on pay, working conditions etc. (the so called 'Danish Model').
9. It should also be mentioned that even though there is very little political attention to discrimination it does not follow from this that there is no protection against discrimination. There indeed is a legal framework which also has been discussed in previous country reports. Rather there is a lack knowledge about the existing possibilities for filing a complaint etc. Hence there is a need for more information.

¹² Regeringen (2011): Danmarks Nationale Reformprogram 2011,
http://ec.europa.eu/europe2020/pdf/nrp/nrp_denmark_da.pdf



2 RESEARCH AND STUDIES ON THE ECONOMIC CASE FOR ANTI-DISCRIMINATION

10. As previously mentioned it is hard to find research on the cost of discrimination. We will discuss this with all the participating stakeholders in the national workshop. The Danish Technological Institute conducted a research study, which was published in June 2007 and has the Danish title "Den økonomiske gevinst ved mangfoldighedsledelse" [The economical benefits of diversity management]. The Danish Technological Institute is an independent and non-profit institution. It develops, applies and disseminates research- and technologically-based knowledge for the Danish and International business sectors.¹³ As the title suggests it looks into diversity management first and anti-discrimination only indirectly. The research seeks to provide an answer for the question: does diversity management lead to increased economical benefits. The method consists in a conceptual clarification, discussing particular cases (primarily American ones) and introducing different methods on how to assess the impact of diversity management on the company bottom line. The report at stake was written by Solvej Hune & Kim Sørensen and can be found on the referenced link.¹⁴ The conclusions in short of the report are that the cases and investigations assessed in the report seem to support the economical case of diversity management. The Danish companies investigated in the report have *not* been able to provide economic evidence for the effect but all support the assumption with feedback from employees and customers. The report as a conclusion introduces two tools which can help evaluate the process of diversity management, namely the so-called 'balanced scorecard' and 'Hubbard's DROI model'.
11. CEPOS¹⁵ is an independent Danish think tank based on neo-liberal/liberalist values. They do various analyses on economical issues in Denmark from a particularly ideological angle. CEPOS has also done a smaller piece of research on 'perceived discrimination on the labour market' in 2008.¹⁶ The report looks into the claim that Danes are particular intolerant towards ethnic minorities. The report finds that there is a considerable majority who reject that there should be a discriminatory policy towards ethnic minorities on the labour market. Nonetheless one out of four immigrants does experience discrimination. The report looks into different forms of discrimination and concludes that the number may be even larger. What is interesting for this SEN report is that one of the forms 'possible institutional discrimination from strong wage-earners' can have financial costs which CEPOS suggests should be looked into. The

¹³ <http://www.dti.dk/>

¹⁴ <http://www.teknologisk.dk/specialister/25404?cms.query=Den+%F8konomiske+gevinst+ved+mangfoldighedsledelse>

¹⁵ <http://www.cepos.dk/>

¹⁶ https://www.cepos.dk/uploads/media/Oplevet_diskrimination_paa_arbejdsmarkedet.pdf

methodology is based on conceptual clarification, theoretical abstract discussions and discussions of quantitative survey data.

12. We would have expected The Danish National Centre for Social Research (SFI) to have been engaged with the requested types of studies which are in focus in this report. However, the opposite seems to be the case. Again, taking the positive angle of diversity management SFI did publish one report in 2003 done by Peter Hagedorn-Rasmussen and Annette Kamp.¹⁷ The report assesses how diversity management is understood and implemented among Danish companies and seeks to compare this with the development of diversity management in an American context. The conclusions of interest for this report is the link to an understanding of preventing discrimination and creating equal opportunities for all as the necessary starting point for diversity management and secondly, that the arguments found for promoting diversity management increasingly are based on the business case: that diversity management has a positive effects on the company bottom line. However, also this study only partly responds to types of research addressed in the guidelines for the SEN report.

1. The Rockwool Foundation Research Unit (RF) is an independent research unit whose objective is to use its independent status to produce new, empirically-based analyses related to the current problems faced by modern society, particularly within the areas of labour market conditions.¹⁸ It has conducted a large number of economic analyses also on labour market problems of integration and here touching issues of discrimination. In 2000 (reprinted in 2001) the research unit published a book edited by Gunnar Viby Mogensen and Poul Chr. Matthiessen with chapters by Eskil Wadensjö and others.¹⁹ Amongst other things the book deals with aspects of discrimination (real and perceived), relations between discrimination and economic incentives with regards to labour market participation, cultural differences and discrimination. Wadensjö also argues in this book that the compressed wage structure in Denmark leads to problems for particular ethnic groups. The important part for this report again is found as a small part of the publication where it is argued that preventing discrimination can have economic benefits. These are not specified however and again it is a somewhat vague claim. The methodology of the book is various economic models. RF has also done studies in the field of access to education which indirectly can tell us something on discrimination and the costs hereof (but again not presenting the case for anti-discrimination directly). One study was also mentioned in the country report II from 2010.

¹⁷ <http://www.sfi.dk/Default.aspx?ID=7351&PID=18906&NewsID=828>

¹⁸ <http://www.en.rff.dk/>

¹⁹ Mogensen & Matthiessen (eds.) (2000). *Mislykket integration? Indvandrerne møde med arbejdsmarkedet og velfærdssamfundet*. Forlaget Spektrum.

Line Vikkelsø Slot has studied discrimination in relation to the agreement-making of apprenticeship between consultants from the vocational schools and the actors in the private market.²⁰ The study thereby touches upon an aspect of discrimination in access to apprenticeships as a requirement for fulfilling the vocational school and thereby become eligible for entering the labour market in a given trade profession. It has become harder to obtain an apprenticeship. In December 2008, only every second ethnic Dane got an apprenticeship compared to an apprenticeship for almost everybody in 2007. For immigrants it was in 2008 it was notably more difficult to get an apprenticeship as only every six got an apprenticeship compared to every fifth in 2007. These numbers may imply a degree of hidden discrimination due to ethnicity. And this is what Vikkelsø Slot investigates. Her study is based on a concrete case where a student discovered that the list of companies seeking students for apprenticeship had a number of companies marked with the note 'do not want P'. The P stands for *perker* a derogative and prejudiced if not racist term used generically with reference to immigrants from the Middle East but sometimes even broader. The case was taken up by the Complaints Committee for Ethnic Equal Treatment still functional at the time and definitely against the law. Vikkelsø Slot shows that 40 per cent of all the consultants nationwide agree to have met such demands from employers either frequently (12 per cent) or occasionally (28 per cent). A recent study tried to investigate preferential discrimination and to find out if discrimination did occur in a controlled experimental set-up.²¹ The question asked was: do people prefer to work with people similar to one self even if it has a price. The participants had the possibility to decide whom they wanted to work together with and knew in advance of work efficiency. If it was without costs to discriminate people chose to do so but as costs started rising the participants chose to work together with people with another ethnic background to earn more money. The study outlines some of the dynamics at stake in preferential discrimination.

13. CSR is a magazine, a web-portal and an e-newsletter which combined constitutes a media for business leaders, decision-makers and people with specific interest in issues of corporate social responsibility.²² As with the other studies mentioned CSR does not provide an argument for the economic case for anti-discrimination as such but touches aspects relating to this. An example is two articles from 2010 "Den hvide mand sidder tungt på magten" [The white

²⁰ Vikkelsø Slot, 2008a. See also Vikkelsø Slot (2008b). *Praktikpladser og formidlingspraksis – praktikkonsulentens i spændingsfeltet mellem virksomhedskrav og hensynet til ikke-diskrimination*. København: Rockwool Fondens Forskningsenhed.

²¹ Morten Hedegaard og Jean-Robert Tyran (2011). "The Price of Prejuice". *Study Paper No. 32*.

Syddansk Universitetsforlag.

²² <http://csr.dk/>

man remains in power] and “Danske virksomheder har brug for og ansvar for mangfoldighed” [Danish companies need and have the responsibility for diversity].²³ The author of the articles Sune Skadegård Thorsen has previously written academic articles on the same issue but the two articles here are less academic and less methodologically rigorous.²⁴ In the two articles Thorsen argues that anti-discrimination/non-discrimination has a central role for social coherence. This is coupled to an argument for the economic case. He argues that working with anti-discrimination carries benefits for the companies and not only for the financial bottom line. He outlines six of the main arguments (in his understanding) for working for anti-discrimination: Company values – anti-discrimination is a precondition for the responsible and value-driven company; keeping and developing employees – anti-discrimination is pivotal for keeping employees and in developing competences and innovation; Customers and consumers – the company must be able to serve cultural diverse population; Financial and new markets – it is demanded that a company understands anti-discrimination, equal opportunities and diversity when trying to conquer new markets; The demographic challenge – migration will be a necessity due to the ageing population hence the need for strong anti-discrimination; and finally Innovation and knowledge-leadership – diversity is a catalyst for increasing these. The articles end with a call for a pro-active approach to anti-discrimination, equal opportunities and diversity.

14. ISS had the consultancy firm PwC do an evaluation of the economical benefits gained from working in ‘mixed teams’.²⁵ The study was supported by the Ministry of Integration and Innovation (an independent research/consultant unit working on diversity and innovation)²⁶ and showed that mixed teams (in terms of gender, cultural background and age) gave a 3,7% higher economical gain than homogeneous teams.²⁷ The higher income was a result of lower levels of absence due to sickness and higher levels of employee satisfaction in mixed teams when comparing to homogeneous ones. The investigation can in that sense provide an argument for having inclusive workplaces. There may be other explanations to the result however, than the ones given in the report itself.
15. The Danish Agency for Science, Technology and Innovation published an investigation on diversity and innovation in cooperation with Nordic Council of

²³ <http://www.csr.dk/hg/cs/artikel.nsf/0/K%C3%98PN-82KJWZ> ;

<http://www.csr.dk/hg/cs/artikel.nsf/0/K%C3%98PN-7YRM22?OpenDocument>

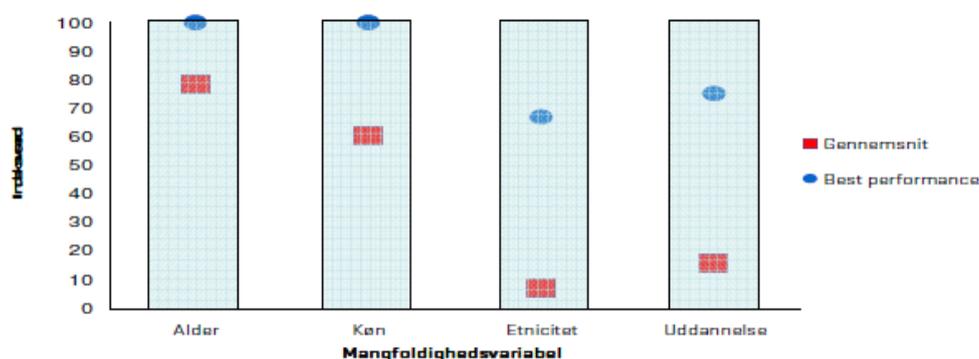
²⁴ E.g. Pia Justesen and Sune Skadegård Thorsen (2004): “ Ikke-diskrimination, lige muligheder og mangfoldighed”. In *Herfra Med kurs mod mangfoldighed*. Hans Reitzels Forlag, p. 99-122.

²⁵ <http://www.dk.issworld.com/presse/pressemeddelelser/Pages/Ny-undersogelse-mangfoldighed-giver-millioner-paa-bundlinjen.aspx>

²⁶ <http://www.innoversity.dk/>

²⁷ ISS (2011). Mangfoldighed giver millioner på bundlinjen i ISS.

Ministers²⁸, Nordic Innovation Centre²⁹ and Nordic Gender Institute NIKK³⁰.³¹ The report elucidates the relationship between innovation and diversity of businesses and to examine under what conditions diversity can promote innovation. The results and conclusions from the analysis be used as input to discussions among decision makers from the public and private at the Nordic conference on innovation and diversity. It looks at diversity in education and skills; diversity in nationality and ethnicity; diversity in sex; and diversity in age and experience base. It also has a state of the art review on the research literature on the effect of diversity on innovation and economy. Most of these studies are American with a few 'Nordic' exceptions. It also develops a so-called diversity-index based on information from 1.700 companies with 20 or more employees. The general result is pictured below:



The four variables are age, gender, ethnicity and education. The figures in diversity-index shows that Danish companies scored very differently in relation to the four diversity variables, age, gender, ethnicity and education. In general, companies are relatively high on the age and sex, while somewhat lower on ethnicity and education. But in all diversity variables there are companies - the best-performing companies – as is very with high position in the diversity-index. The study has conclusions showing that diversity has a positive economical benefit for the companies it also provides a catalogue of good practices from the Nordic countries as well as a number of recommendations for targeting the future actions.

²⁸ <http://www.norden.org/en/nordic-council-of-ministers>

²⁹ <http://www.nordicinnovation.net/index.cfm?id=3-0-0>

³⁰ http://www.nikk.no/English/About_NIKK/

³¹ Forsknings- og innovationsstyrelsen (2007). Innovation og mangfoldighed – Ny viden og erfaringer med medarbejderdrevet innovation. Ministeriet for Videnskab, Teknologi og Udvikling.



3 IDENTIFICATION OF COSTS AND BENEFITS

16. We have had difficulties in finding studies that engage in the economic case of anti-discrimination and those we have referred to do so indirectly or from a purely normative and/or theoretical perspective. This makes it difficult to use the table in the annex as this can only be partially filled out in the individual cases. We will revise this section after the national WS where we hope that we will be pointed to additional information. At the present time we have difficulties dividing the information into different sectors as the research is both scarce and of a very general nature mainly addressing the labour market. The strong focus on the labour market is due to the fact that this really is the only field that to our knowledge have been investigated to some degree but again we will revise if more information comes out of the WS.

17. Danish Technological Institute

<i>The economical benefit of diversity management</i>			
	EFFECTS		
AGENT BEARING COST	<i>Increasing financial results</i>	<i>Increased productivity</i>	<i>Difficulties in measuring outcomes</i>
Employers	Makes the company better suited to maintain the staff and recruit new staff	The different cases in the report point to increases in productivity	Some cases show that it is difficult to measure the economic impact of diversity management

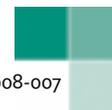
18. The argument is based on economic outcomes of implementing diversity management. A finding is that it is difficult to measure the exact output of such policies and therefore methodological approaches needs to be developed. The study introduces two such approaches and discusses their strengths and weaknesses.

19. **Cepos.** The part touching the economic case is described in a very general way not making it possible to use the table.

20. **The Danish National Centre for Social Research.** In the first study mentioned the approach is a conceptual clarification and an investigation on how diversity management is understood on a discursive level which makes it difficult to use the table. In the second study on discrimination in relation to education it is somewhat possible to use the table:

21. RF

<i>The economical costs of discrimination in relation to education</i>



	EFFECTS		
AGENT BEARING COST	<i>Decreasing financial results</i>	<i>Decreased productivity</i>	<i>Impact of discrimination</i>
Individual			The individual will not be able to realize full potential. Risks being discouraged in pursuing education as there might be a fear that he/she will never be able to find a job after end education/or not being able to finish education/finding an apprenticeship.
Employers	Discrimination might provide the employer with less qualified employees, or rather: candidates with the needed qualifications may be deselected due to discrimination	The company might not utilize all potential resources due to discrimination	
Society	Groups left without education are more likely to become dependent on state subsidies. Will be less able to spend money on the market		

22. **The Rockwool Foundation Research Unit.** Very general assumptions that full integration on the labour market would have positive economic effects. Makes the link that lower levels of labour market participation could be due to discrimination. Hence, preventing discrimination would have an economical benefit as it would provide access to the labour market and make people able to support themselves.
23. **CRS.** Not empirically based and does not apply a particular methodology. Theoretical assumptions. Employers bear the costs and companies gain the economic benefits on the indicators mentioned in the previous section describing this study.
24. **ISS.** The consultancy firm operationalised mixed teams as teams having a composition of a maximum of 70% participants within the same age, cultural background and gender. The higher degree of diversity the higher economical profits.
25. The study by The Danish Agency for Science, Technology and Innovation as mentioned introduces the diversity-index. The primary data sets in the study are from a survey on innovation and organizational development in companies (DISKO survey), conducted by researchers from Aalborg University in 2006. More than 1,700 participated in the survey and it covers a representative sample of Danish industry. The data material contains information on such companies:



- Innovation
- Organization and management
- Staff Application and employee involvement
- Skill needs and skills
- Recruitment and job training

Innovation is defined in the questionnaire as introduction of new products / services in the period 2003-2005, apart from minor improvements to existing products / services. Data from the survey is run in conjunction with business registers from Denmark Statistics. The involvement of the business registers given the opportunity to highlight corporate economic fundamentals, e.g. turnover, employment and growth, as well as information about corporate employees, for example education, age, gender and work. Data include manufacturing, construction, trade, hotels and restaurants, transport, finance, business, culture and sports. Data are representative of all businesses with the exception of firms with fewer than 20 employees.³² The diversity-index alone says something about the diversity of businesses and as such is not about business performance, in terms of innovation and diversity. A specific activity may be good in the index, without being more innovative than other business units. The Diversity Index includes two key figures:

First: A figure for how companies are on average in Diversity Index compared to the diversity variable that is measured, for example age.

Second: A number of the scores of companies with the highest diversity of the diversity variable.

26. We would suggest that the understanding and implications of different types of discrimination could be a starting point for an approach on EU level. The participants at the national workshop also held the perception that even though Denmark has good statistical data and a substantial legal framework against discrimination we still lack data on the actual scope of discrimination. Developing comprehensive measurements of discrimination would be first point of departure. Studies like the one by Rockwool Foundation on discrimination in relation to access to apprenticeship perhaps cannot be generalized but it does provide detailed knowledge on a particular field from which we can point to tendencies. Creating a knowledge-database on all such studies could help providing a more comprehensive picture of the scope of discrimination (in Denmark as well as in other countries).
27. The diversity-index provides a very interesting tool for identifying the effects of diversity and to map the approach taken by different companies. It could most likely be transferred to a European context.

³² Forsknings- og innovationsstyrelsen (2007). Innovation og mangfoldighed – Ny viden og erfaringer med medarbejderdriven innovation. Ministeriet for Videnskab, Teknologi og Udvikling, p. 86.



4 METHODOLOGICAL ISSUES

28. The overall problem is that there is a lack of data and the research we have been able to point to is conducted by a very diverse range of actors and institutions, from well-known and established research institutions to rather marginal individuals. None of the studies mentioned makes a consistent argument of the economic case which makes it difficult to assess the approaches and methodologies as such. There is no public data on this issue.
29. The main problem is that there is little recognition of discrimination being a major problem on national level which therefore neither necessitates studies like the ones pursued in this report. In the Action Plan on Ethnical Equal Treatment and Respect for the Individual³³ it is stated that the government will initiate a research project with the purpose of developing more precise methods for measuring discrimination, here included perceived discrimination.³⁴ This project one year after still has to see the light of day but it definitely would provide the basis for later calculating what the cost of discrimination is on a societal level, once the numbers are known.
30. At the national workshop the necessity for understanding more basically what is discrimination and how do we distinguish between different forms was discussed. One distinction is between statistical and preferential discrimination. The first one is used within economics. It is based on lack of information. Or we could say based on experiences with a particular group providing the basis for selecting or not selecting members from that particular group again. For instance, labour market discrimination may exist because employers do not know with certainty workers' ability. Therefore they may resort to base employment decisions on the workers' visible features, such as group identity. The latter, preferential discrimination, is direct discrimination where one group is preferred over others. Statistical discrimination is difficult to challenge as the person 'doing' statistical discrimination might not be aware of the discriminatory part of the given practice. Statistical discrimination nevertheless is a problem from the one being deselected. This is an area demanding more awareness in Denmark as there have been few studies on indirect discrimination (and institutional/systemic discrimination). Preferential discrimination is direct discrimination and is more easy to combat within the existing policy framework. It was also discussed if a distinction between quantitative and qualitative discrimination could be developed. Quantitative discrimination would in relation to the labour market integration look at employment/non-employment whereas qualitative discrimination would look at the type of employment. E.g. the employment gap between natives and ethnic minorities may be decreasing but

³³ Regeringen (2010). Handlingsplan om etnisk ligebehandling og respekt for den enkelte. Juli 2010.

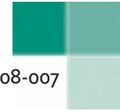
³⁴ Ibid, p. 12.

which sectors to the immigrants enter. Do we find a segregated labour market, mismatch between formal qualifications and current employment etc. The benefit of strengthening this analytical approach would firstly be to present a more nuanced picture of participation and possible discrimination and secondly, to be able to estimate the costs of this type of discrimination. E.g. working below level, the risk of brain drain etc. Finally the necessity of separating the possible costs/benefits on different levels (for the state/private sector/individual) was discussed. Subsequently the approach suggested by the SEN network expert group was evaluated to be useful also on EU level but we still lack the necessary data.

31. Most of the studies presented in the previous two sections point to difficulties in measuring the impact of anti-discrimination on economy. The study done by Danish Technological Institute did present two models for measuring the outcomes of diversity management.
32. The first one is the 'balanced scorecard'. It measures the performance of a company from four perspectives: Financially, related to customers, internal processes, and learning and growth. The method seeks to highlight which type of knowledge, competences and systems the employees need in order to be innovative and build up the needed strategic capabilities. The goal is to build up a strategic map by specifying the core values of the company and main vision. This is broken down in concrete and reachable sub-goals. This again is followed by activities such as employee satisfaction surveys, measuring incidents of illness, bullying, discrimination etc. Simply making an ongoing evaluation of the efforts. The problem with this approach is that it only can be implemented on company level and does not address societal issues. Neither does it make in accurate measurement of the economical benefit. Some of the companies using this approach, e.g. Novo Nordisk points to this problem also.³⁵
33. The second model introduced is Hubbard Diversity ROI Analysis model. It stands for 'diversity return on investment'. The model involves:
 - * identifying what you want to know, including questions such as, "In what racial categories do we have the most employee turnover?"
 - * collecting and analyzing data through surveys, post-study interviews, focus groups, and other efforts
 - * identifying (isolating) the effects of diversity on an organization's performance through techniques like control groups, trend lines, and forecasting models

³⁵

<http://www.teknologisk.dk/specialister/25404?cms.query=Den+%F8konomiske+gevinst+ved+mangfoldighedsledelse>



- * converting the data on diversity ROI into monetary values such as profit contributions and cost savings
- * calculating the costs and benefits of diversity initiatives by tracking the costs to develop the initiatives, materials, facilities and travel involved, salaries and employee benefits of employees working on the initiatives, and administrative and overhead costs
- * calculating the intangible benefits of diversity initiatives, including increased job satisfaction, increased organizational commitment, improved teamwork, and reduced conflict
- * developing an organized communications plan to let the outside world know about the progress, challenges, and results of your diversity efforts”.³⁶

The model makes it possible to assess the gains of diversity management more systematically when measuring the effects. The problem is that many of the benefits of diversity management may be of a 'softer' nature than purely financial but refer to improvement of employee satisfaction, fewer days of sickness and making it is easier to keep the staff. These benefits could probably be converted to economical benefits as well. The problem is furthermore that also this model solely focuses on the individual company and tells us nothing on how to study the economic case on macro level.

³⁶ Here taken from CNY Business Journal (2010). “Conference focuses on ROI of inclusion and diversity efforts”. Oct. 15 2010.

5 RESONANCE OF THE DEBATE IN THE SOCIETY

34. The Government leaders as such have paid very little attention to issues of discrimination as well the economic impact. Obviously if discrimination is regarded as a marginal problem the alleged benefits from preventing this is also of minor importance. However, the aforementioned Action Plan from 2010 does contain a section titled 'Diversity creates growth' which would be the positive variant of the economic case. Little is said here though besides a general claim that a well functioning educational system and an open diverse labour market is a precondition for growth, welfare and democracy.³⁷ To back up this statement the government refers to the diversity program launched in 2007 targeting work places. The main issue here has been how to include 'new' Danes, i.e. ethnic minorities, in the public sector and private companies.³⁸
35. The same very general statements on the value of diversity are repeated by state institutions. One example is the State Employer's Authority (Personalestyrelsen). On diversity it states that: "Working with diversity can result in different effects depending on the rationale behind it. Hence, three rationales for working with diversity could be: Economic / business case; Social responsibility and Legal obligations. The challenge and the strength are to think the various parts into a unified strategy."³⁹ Here the first so-called rationale is of interest but the only information found is that: "One of the rationales for working with diversity is of economic / commercial nature. Diversity linked to a business strategy based on thinking that it can provide a more effective problem-solving, economic gains and more ...".⁴⁰ In sum, a rather general description.
36. The remaining part of this section describes a number of statements, positions and assumptions of different actors. These are included as there is little available research and serve to point to tendencies. Amnesty International Denmark is part of the globally dispersed NGO and also works with issues of discrimination nationally and locally. In a short press release they make the statement that: "Amnesty points out that the social and economic costs of exclusion and discrimination against certain population groups, however, is likely to be much higher because it results in lack of access to education, work and health".⁴¹

³⁷ Regeringen (2010). Handlingsplan om etnisk ligebehandling og respekt for den enkelte. Juli 2010, 16.

³⁸ See more on http://www.nyidanmark.dk/da-dk/Integration/beskaeftigelse/arbejdsplads_til_nye_danskere/regeringens_mangfoldighedsprogram/regeringens_mangfoldighedsprogram.htm

³⁹ <https://perstersv1.dedicated.cohaesio.net/Arbejdspladsen/Mangfoldighed/Mangfoldighed%20som%20ressource/Hvorfor%20mangfoldighed.aspx>

⁴⁰ Ibid.

⁴¹ <http://www.amnesty.dk/stop-diskrimination/side/hvad-skal-der-til-direktivet-bliver-vedtaget-i-eu>



Firstly, this statement points to negative effects of not preventing discrimination and not on the positive effects and, secondly presents no empirical evidence supporting this claim whatsoever. It does point to indirect effects such as lack of access to education, work and health however.

37. Ugebrevet A4 is published by LO, The Danish Confederation of Trade Unions which is the largest national trade union confederation in Denmark and is recognised as the most representative workers' organisation in both the private and the public sector. A4 has not published any articles presenting the economic case of anti-discrimination. When discrimination is mentioned it is in relation to integration of ethnic minorities primarily. An article from 2004 does make the claim that 'a perfect integration on the Danish labour market would improve the public budget with 29 billion DKK in 2006'. The author, a politician from the Liberal Party [Venstre] connects the lower rates of participation with both discrimination and lack of public recognition of the value of diversity.⁴² Ugebrevet A4's database which contains all back issues from the last decade provided a limited number of articles concerning discrimination but none regarding the economic benefits.
38. The economic benefits of anti-discrimination are mainly discussed in relation to ethnic minorities and mainly in connection to 'failed' integration. However, some of the same type of arguments has been raised in relation to other minority groups as well. One example is the articles on diversity management and inclusion published by the weekly journal Mandag Morgen [Monday Morning] which argues for the economic benefits of non-discrimination against sexual minorities, eg. "More and more companies focus on gay and bisexual rights and wellbeing. They formulate personnel policies and provide staff initiatives to get the group to feel more comfortable at work. It improves productivity, improves recruitment opportunities and gives a good image among the affluent segment".⁴³ Also the website of Mandag Morgen has a database making it possible to search for key words in back issues which provided a very limited number of hits on discrimination but only indirectly these concerned the economic case, as the example above is one example of.
39. There has been very little focus concerning the costs of discrimination and the impact on society in the media. Writing this report we have used the database infomedia⁴⁴ which covers 450 printed newspapers and magazines, 3 radio channels and five news programs from TV as well as 2,000 Danish webmedia to search for debates concerning this issue. We have searched in all media within

⁴² Ugebrevet A4 (2004) "Integration skal være en social trampolin", Nr. 31 20.09-27.09.2004.

⁴³ <https://www.mm.dk/danske-virksomheder-hejser-regnbueflaget>

⁴⁴ Infomedia A/S is the leading Danish provider of "media intelligence", i.e. media search, media monitoring and media analysis.



the last two year period. Searching on 'the economic benefits of anti-discrimination' and variants hereof provided 0 hits. Searching on 'anti-discrimination' provided 40 hits but none with direct relevance for the topic of this report. Finally searching more broadly on 'preventing/fighting discrimination' gave 202 hits but none with direct relevance. The last search in itself gave a surprisingly low number of hits the time-span and number of media considered. Of course the search could have been conducted in alternative ways using many more key words but it nonetheless supports our claim that issues of discrimination are given little attention in Denmark, politically and in the media.

40. The announcement of the first Mipex results in 2007 did spur some debate concerning the economic case. The Danish score on anti-discrimination was seventh from the bottom out of 27 countries.⁴⁵ Danish Industry argued that "Danish companies loses production because 50 % of the immigrants from third world countries are without jobs in Denmark" and links this to a failure to integrate immigrants on the labour market as well as to lack of tolerance/acceptance of diversity.⁴⁶
41. Relating this last section to the question on public policies designed in reaction to debates and/or research initiatives it is difficult to say that this has happened. Indeed one of the conclusions of the Mipex III report on Denmark is that: "The main weakness is the State's few equality policies. Previous action plans, diversity programmes and platforms are good practice but temporary and not translated into the public duties that are increasing across Western Europe and North America".⁴⁷

⁴⁵ The old results are no longer on the Mipex webpage but an analysis of the development on national policies from Mipex II to Mipex III can be found for most countries on the page <http://www.mipex.eu/>

⁴⁶ <http://menneskeret.inforce.dk/nyheder/arkiv/nyheder+2007/d%C3%A5rlig+integration+betyder+manglen+de+arbejdskraft>

⁴⁷ British Council & MPG (2011): Migrant Integration Policy Index III. Brussels.



6 ANALYSIS/ CONCLUSIONS

42. The sectors covered in the cases (Danish Technological Institute, SFI, CEPOS, CRS) mainly target the effect imagined and/or analysed for companies engaging in diversity management. The one by the Rockwool Research Foundation makes an estimate on the societal costs of having ethnic minorities overrepresented among the unemployed and persons outside the labour force and relates the explanation for why this is the case to discrimination. Some statements (Amnesty International for instance) point to indirect negative effects of weak protection against discrimination, such as lack of access to education and health, which is interesting as the universal right gives formal equal access to education and medical care. This argument has also been made in a variant where it is claimed that weak protection removes the incentives to take an education as the immigrant does not believe that he/she will be able to use the education to find a job afterwards. Subsequently, discrimination could have negative costs in underachievement in the long run. As can be seen from the studies the majority of these mainly refer to the issue of ethnic minorities, so if we should point to one major gap it would be that the economic case even when addressed mainly include this particular minority group. It should be said that LGBT issues have been given some focus in the business world however. Disability is not discussed only in form of more flexible job opportunities – and jobs on special conditions.
43. The approaches taken in the selected studies have mainly been theoretical conceptualisations. The ones by CEPOS and Rockwool Research Foundation are based on quantitative approaches but as mentioned only indirectly concern the economic case. Therefore, we do not dare to give any estimates of the cost of discrimination.
44. The selected cases primarily reflect that we have little research concerning the economic case for anti-discrimination. One reason is that we also have limited research on the volume of discrimination. That would be the starting point for developing the economic case for anti-discrimination. Most of the available data are provided by independent and private institutions and we have, despite good public data in most fields, little public data concerning the levels of discrimination.
45. This is in line with our previous country reports on Denmark in which we have argued that for different reasons discrimination not is perceived to be a big problem. In the Action Plan on Ethnical Equal Treatment and Respect for the Individual⁴⁸ the problem of discrimination obviously has to be discussed. Here it is framed in a discussion of the difficulties in mapping and measuring

⁴⁸ Regeringen (2010). Handlingsplan om etnisk ligebehandling og respekt for den enkelte. Juli 2010.

discrimination. Most certainly we lack instruments to gain more knowledge of the actual levels of discrimination. The Action Plan points to a number of problems with the existing data; what does perceived discrimination tell us about the proportion of discrimination it asks. It points to a lack of gender specific data which may lead to a gender bias in relation to perceived discrimination. This is also a valid point. The Action Plan then takes a deductive approach by trying to estimate the problem of discrimination by looking at the cases taken up by the Complaints Committee for Ethnic Equal Treatment from which it concludes that the committee has pointed to a breach of the prohibition against unequal treatment in 11 out of 161 cases.⁴⁹ It makes a similar exercise with the Board for Equal Treatment stating that this in five out of 30 cases on discrimination on the basis of race or ethnicity has been able to rule that there has been unequal treatment breaching with the Law on Ethnic Equal Treatment (Lov om etnisk ligebehandling) or the Law on prohibition against unequal treatment on the labour market etc. (Lov om forbud mod forskelsbehandling på arbejdsmarkedet mv.). Finally it examines the supplementary act on the prohibition against unequal treatment on the basis of race and states that the limited number of criminal proceedings five in total in 2007 and 2008 with three ending with a conviction, one with a extrajudicial fine notice and the last with acquittal indicates that "there are not many cases of discrimination in Denmark".⁵⁰ It does make the disclaimer that the number of criminal proceedings may not present "a completely accurate picture of the extent of discrimination in Denmark" as it may be assumed that not all incidences of discrimination are reported to the police. Despite ending the section with a sentence stating that it is difficult to assess the scope of discrimination in Denmark based on either self-perceived discrimination or the number of criminal proceedings the conclusion nevertheless regards discrimination as a minor problem in Denmark. This may obviously be the case but oppositely could be a finding in contrast to ones of the SEN reports as well of international surveys as the Eurobarometer? Nevertheless this position does not provide the greatest incentive for looking into the economic case for anti-discrimination if indeed the problem is believed to be marginal or/and the measures of it to be inexact and imprecise.

46. Not having prioritised discrimination at a state level also effects the development of policies as we find few initiatives targeting this issue. The Board of Equal Treatment established in 2009 is the latest institutional initiative concerning discrimination and it can be discussed if this is an improvement compared to the preceding institution. The Action Plan from 2010 mentions a number of initiatives which could be fruitful, not least in developing more

⁴⁹ See Ruth Emerek & Martin Bak Jørgensen (2009). Network of Socio-Economic Experts in the Non-Discrimination Field Country Report 1 Denmark for a description.

⁵⁰ Regeringen (2010). Handlingsplan om etnisk ligebehandling og respekt for den enkelte. Juli 2010, 12.



accurate tools for measuring discrimination. The problem is that little has occurred so far.

47. Revising the research studies and literature leave us with the conclusion that few of the mentioned studies explicitly make an argument for the economic case of anti-discrimination. The studies rather pursue the 'positive' angle of diversity management. As one study argues however, diversity management begins with strong anti-discrimination legislation. We would very much welcome studies which took their departure in discrimination as a social phenomenon.
48. That said, we find the study done by The Danish Agency for Science, Technology and Innovation very interesting and the diversity-index provides the methodological tools for creating an index which show the economical effects of different variables; gender, age, ethnicity and education. In that sense it actually makes an argument for diversity (but not explicitly phrases this as the economic case for anti-discrimination). It could most probably be used on European level as well.
49. A possible explanation for why this issue is given so little political attention and priority is that there is a lack of recognition of discrimination actually taking place in Denmark and moreover in the cases where it does happen it should be solved between the involved actors, e.g. the workplace, the immigrant and the trade union. We lack a political recognition that Denmark is characterised by ethnic diversity (and other forms) and that ethnic diversity could be considered as a resource. That would send a powerful signal to society that diversity is here to stay and should be protected and respected, and that it may enrich society. This of course is a normative position. However, it can be argued that reproduction of anti-immigrant sentiments, and narratives of immigrants constituting a threat to Danish economy, values, culture, cohesion, homogeneity and even future, do not provide any common ground where issues of diversity and tolerance can be included. Oppositely it could set the ground for the impact of empirically and methodologically strong arguments for the economic case. However, as we have written in previous country reports the issue of immigration and integration is extremely politicized in Denmark (as in many other countries) and the particular political constellation has led to several restrictions in immigration and integration policy. Restricting access to newcomers sends a signal of a low tolerance of diversity. The same does an initiative as the one agreed between the government, the former member of the Conservatives (Pia Christmas Møller) and Danish People's Party in the 2020 agreement from May 2011.⁵¹ It offers a cash bonus of 25,000 DKK to the municipalities for each immigrant they can persuade to make use of the repatriation program. All immigrants meeting the social system should be

⁵¹ Aftaler om reformpakken 2020, p. 74



reminded of this possibility. Although it is stated in the 2020 agreement that municipalities cannot force persons to repatriate, this sends a very clear signal of not being welcome and that the value of the particular individual is minimal. This likewise sends a signal of not welcoming diversity. In total, the first step would be to recognise the problems of discrimination in Denmark. At the moment the responsibility is placed on the individual, e.g. by focusing on lack of linguistic or educational competences framed as integration problems. It unfortunately makes little sense to introduce programs of diversity management unless it stands on top of strong protection against discrimination and substantial equal rights and opportunities. Our suggestions would therefore be that the Danish state recognize and acknowledge that Denmark is a multi-ethnic society where discrimination not will be tolerated.



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