

Denmark has a strong tradition for innovating itself out of extensive social crises – War, the pressure of competition, and class disputes have been the driving forces behind major movements, which have helped to create shared solutions across interests and classes – The traditional movements are disintegrating, but new ones have the potential to make Denmark a global exporter of social innovation and ground-breaking welfare solutions

# Denmark's success built on socially innovative movements

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**The big four**

**The folk school movement, the cooperative movement, the union movement and the welfare movement have all made important contributions to the Danish success.**

A FLEXIBLE JOBS MARKET; a strong social safety net; and democratic institutions which give all groups the opportunity to have their voice heard – these are often the explanations given when the international press writes about Denmark's success as one of the world's leading welfare nations.

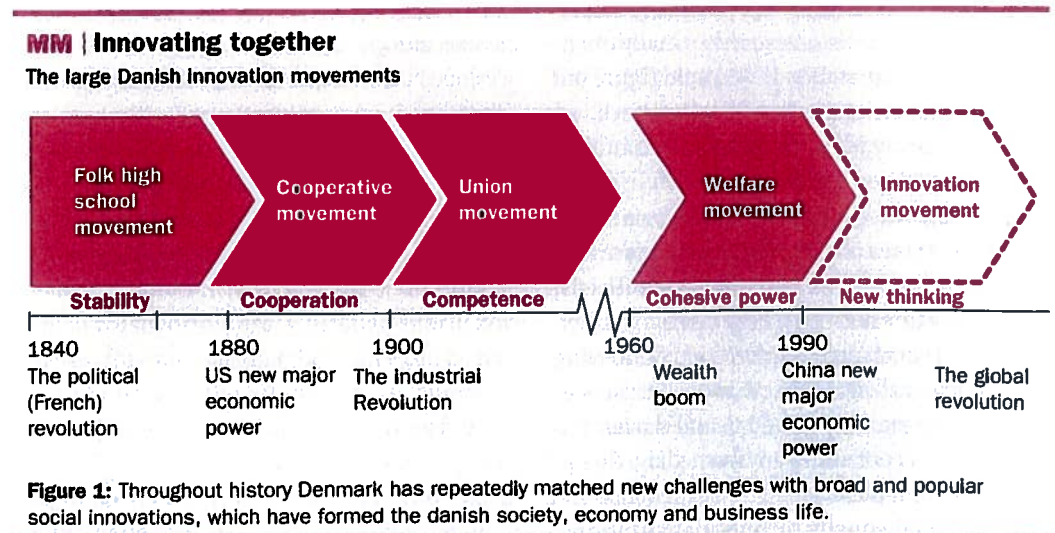
But if you are to really understand the secret behind the Danish success, it is worth looking deeper into the history books, and asking, which forces have created these successful institutions?

The answer is not found in one, unique year or event, and neither is it found in a story of one individual's genius. Instead, it lies in a number of major movements which have developed over many years, and which have gained impetus from a large number of interests and people who, to-

gether, have attempted to solve major social crises.

The backbone of Danish society is made up of four movements in particular, each of which has contributed to Danish well-being and paved the way for Denmark to stand strong when it comes to core competences within social innovation. See figure 1. Over the last 150 years they have spearheaded a radical new thinking of the Danish identity and social model:

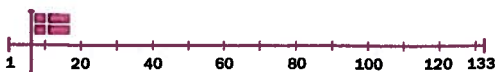
- **THE FOLK SCHOOL MOVEMENT.** The Danish folk schools (in Danish, Højskoler, literally 'High Schools') emerged in the 1800s and gave ordinary adult women and men the opportunity to supplement their short school careers with tutoring in a range of personal- and cultural development



Source: Monday Morning.

**MIM | Denmark is world class in ...**

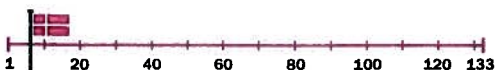
Flexibility - ability to adjust fast to new demands



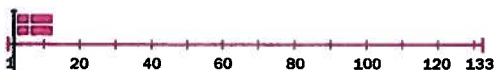
Cooperation - cooperation in labor-employer relations



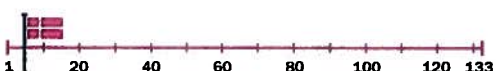
Trustworthiness and confidence - willingness to trust each other



Ethics - respect of interests throughout society



Corporate ethics - ethical behavior in the business community



**Figure 2:** Denmark is a world champion in social innovation.

Note: Denmark's rank among 133 countries.  
Source: World Economic Forum, "Global Competitiveness Report"

subjects. The movement was created in response to the fact that under 5 per cent of the population had access to more than seven years schooling. In the wake of Denmark's major defeat to Austria and Prussia in 1864, the Danish folk schools came to play a crucial role in the development of a new national identity in which greater weight was placed on a strong, democratic understanding and respect for the individual's access to knowledge and learning.

- **COOPERATIVE MOVEMENT.** In the mid-1800s Europe was swamped by cheap corn from the USA, which sent prices plummeting. This led to an acute crisis for the proud Danish agricultural nation, a large part of whose income came from corn production. And so, Danish farmers joined together in the cooperative movement which stood at the forefront of innovative Danish agriculture. The result was, among other things, a move from corn to pork- and cattle farming.

In addition to this, the farmers established a completely new organizational model for agriculture which broke down the boundaries between farmers and small-holders, and gave the cooperatives' members one vote regardless of the size of their production. This strengthened the Danes' tradition of equality, and created a sense that it is worth pulling in the same direction.

- **THE TRADE UNION MOVEMENT.** As in other countries, the Danish union movement has its roots in the Industrial Revolution and the needs of a growing working class. But the Danish union movement is unique because it moved quickly from demonstrations and protest on the streets, to also being a valued partner for employers and the state alike. The foundation for the organized union movement was created in 1899, when disagreement on wage negotiations led to an enormous class conflict which threatened the country's stability. The participating factions of the job market resolved this with the so-called September agreement, which rethought their mutual relationship. With this was created the foundation for the fact that the Danish jobs market is today one of the leaders in terms of flexibility, stability and cooperation ability.

- **THE WELFARE MOVEMENT.** The development of the modern Danish welfare model was a turning point for the Danish welfare movement. Since the 1960s it has led the way in creating a social system which is among the world's most inclusive and developed. Stigmatized help for the poor was replaced with rights, obligations and professionalized services. A strong public sector has, among other things, paved the way for the world's highest proportion of women at work - a strong card in periods of low manpower. The welfare model has, among other things, significantly strengthened Danish competitiveness and social cohesiveness. See articles page 58 and 98.

**One for all, all for one**

Movements are not, in themselves, something especially Danish. Throughout history, religious and political interests have been able to gather hoards of people around a shared cause. But the four large Danish innovation movements are unique in many respects. For example, contrary

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**Cross borders**  
**The Danish movements gather people across social borders.**

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## Crisis counselling

**Most of the Danish movements emerged in response to decisive social crises.**

to most other countries, the movements are neither hierarchical nor organized according to fixed memberships circles. Instead, they gather a large part of the population across class and branch borders in order to solve a number of shared problems.

The movements have had enormous importance for the development of Danish society. "One cannot understand what it is to be Danish, without knowing about the foundation of the Danish folk school movement and cooperative movement. One cannot comprehend the Danish model, without knowing the story behind the Danish workers movement. And without the Danish welfare movement, one cannot understand the source of the Danish wealth," says Ove K. Pedersen, who as a professor at the Center for Business and Politics at Copenhagen Business School, has carried out research into how a small country such as Denmark has been able to create competitive abilities and wealth of a world class. See article page 58.

One explanation points in the direction of the country's abilities within social innovation. According to the World Economic Forum's annual global competitiveness analysis, Denmark scores highly when it comes to working across sectors and organizational boundaries, and adapting quickly to new conditions and demands. See figure 2. According to Ove K. Pedersen, the four movements have played a part in developing and consolidating a strong sense of community among the people, which is a key condition for social innovation.

"The Danish identity is built up around a human awareness, in which community comes before the individual. We are all individuals, but are together with equal rights and freedom of expression. This human view has meant that we as a people have had the will and ability to come together to solve major social problems. Today we feel an entirely natural responsibility for solving problems together, communally," says Ove K. Pedersen, pointing out how, in Denmark, one almost automatically collects a broad field of interests around shared initiatives and reforms when national competitiveness is threatened. Contrary to, for example, the USA, where competitiveness is typically a challenge which the individual company has to tackle for themselves, both small and large Danish companies are engaged in raising competitiveness levels. In the same way, the factions in the job market often come together to work out shared strategies to enable the Danish jobs market to deal with the

challenges of international competition.

An important pre-condition for the Danish community ideology and cooperation ability is shared framework of understanding and language. This is where the Danish folk school movement has played a crucial role. Denmark, and the notion of what it is to be Danish, crystallized when the country experienced a major defeat in the war against Austria and Prussia in 1864. Strategically important regions had to be surrendered, and around 200,000 Danes fell under German rule. From having been a multinational state, Denmark now had to rebuild an identity as a nation state, and the folk schools had an enormous importance in this process.

"The folk schools' role was to communicate both democratic and national culture to adult men and women who previously had not had access to long-term schooling. The idea that extra emphasis was placed on subjects such as the Danish language, Danish literature and Danish history was central for the formation of a new national identity which was not reserved for an elite but embraced a broad range of the population," says Ove Korsgaard, who as a professor at the Institut for Pædagogik at Denmark's Pædagogiske Universitet (Danish School of Education) has carried out research into the formation of the Danish national identity.

In the years after 1864 Denmark got more than 50 new folk schools in which all the different layers of society could meet. The folk schools' work spread further out to the village halls in the Danish countryside and folk school staff traveled around with lessons and lectures which were open for all who were interested.

"In this way the foundation stone of a democracy was laid in which the individual had the conditions to participate and is equipped with the tools to be an active citizen. In other words a strong foundation for working together across borders of class and interests was created," says Ove Korsgaard.

## In the spirit of cooperation

This ability to cooperate was vital for the foundation of the Danish mass movements and unions. When low American corn prices in the mid-1800s devastated the global corn market, Danish farmers and the agricultural industry chose to join together in rethinking Danish agriculture instead of turning to protectionism, as happened in many places in Europe.

The result was a radical shift from corn to cattle and pigs, and the establishment of a coop-

## MM | Welfare entrepreneurs

Under the auspices of the Innovation Council, Monday Morning has taken the initiative to convene a strategic task force entitled "Welfare's entrepreneurs".

It will work out a proposal for a national strategy which can help Denmark to foster more, and more successful, social entrepreneurs who can contribute with innovative solutions to the welfare state's challenges.

The proposal for the national strategy will be made public at Entrepreneur Day, on 26 January 2010. Monday Morning is leading the initiative, which has come about in partnership with the Ministry of Economic and Business Affairs, Region Syddanmark (the Southern Denmark Region), Dansk Erhverv (the Danish Chamber of Commerce), FDB (the Danish Consumer's Cooperative), RUC's Center for Social Entrepreneurship, and the Center for Socialøkonomi.

The working party numbers in total around 60 members from relevant ministries, regions, councils, organizations, educational institutions, businesses, funds and entrepreneurs.

Hear more about the project from project manager, Anna Kjær Skovgaard, at [ask@mm.dk](mailto:ask@mm.dk) or at [www.innovationsraadet.dk](http://www.innovationsraadet.dk).

erative model based on the principle of "one man, one vote".

"The Danish cooperative movement broke down forever the barriers between rural social groups for whom the idea of working and talking together had previously been unthinkable. Farmers and small-holders were suddenly equal and had to cooperate with, for example, the local school teachers, who were often involved in the development of the Danish dairy cooperative movement. This process affected the whole of society and has been an important link in the democratization of Denmark," says lecturer Gunnar Lind Haase Svendsen, from the Institute for Research and Development in Rural Districts at the University of Southern Denmark.

Cooperation across social classes was finally consolidated with the Danish trade union movement, which in 1899 joined together with employers in order to rethink the Danish job market model.

The start point was a major conflict which, over seven months, paralyzed the country and had major social and economic consequences. But, with the so-called September agreement, which gave employers the right to control and

distribute work while the unions got the monopoly on entering into agreements on wages and working conditions, the foundation for a flexible and cooperation-orientated employment market was laid.

The broad cooperation meant, among other things, that the trade union movement was able to summon private funds and political will to establish health benefit associations, funeral funds and new residential areas, which ensured and raised individual workers' living conditions significantly.

In the years following WWII the Danish community ideology and cooperation ability came into play again when the cooperative movement and trade union movement, despite opposing interests, were able to join together to contribute to the rebuilding of Denmark.

The Liberal Party (in Danish Venstre) and agricultural interests pressed for the creation of a social model which made it the job of society to take care of the weakest.

The workers' movement and Social Democrats were part of the initiative which was the first step towards the creation of the Danish welfare movement.

According to Niels Ploug, the director of Denmark's Statistics and former head of research for the National Research Center for Welfare, the movement was a great success because, from the start, it was built upon a decentralized model.

"Unlike countries such as Sweden and Finland, where one organized oneself in major state institutions, in Denmark one chose a decentralized model in which responsibility for, among other things, pensions and unemployment insurance, was delegated to the councils. In this way the welfare state was anchored in a far broader group of interests and came to enjoy large political support which has secured the survival of the welfare state and the development up until the present day."

Niels Ploug points out that this decentralized model has brought with it a great desire and will to participate in the formation of the various different welfare services:

"Both citizens and the personnel within the welfare sector today place completely different demands on different welfare services. Previously, it was the case that one should be glad if there was any service at all. You could take it or leave it. People will not accept that any more. People will, to an increasing degree, be able to be co-producer or make their own choice," he says.

## Valuable legacy

The time of large movements is over, but their legacy lives on.

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**Golden welfare**

**The next movement will build modern welfare technologies – that can give way to a new Danish export adventure.**

**Next step**

Today, however, the major, classic Danish movements are in decline. The folk school movement, the cooperative movement and the union movement have for many years seen their reasons for existing eroded.

The task of education and personal development has long ago been taken over by the institutions of the welfare state, and from year to year the folk schools have been fighting a battle to attract enough students. The cooperative movement is also under pressure as a result of major financing problems, which require new forms of associations. See article page 35. Memberships of a larger part of the trade union movement are declining, and the same goes for the movement's political influence. And the welfare movement is experiencing enormous economic pressure as a result of growing demand for welfare services. All of which indicates that the Danish welfare model needs a rethink. In other words, Denmark is facing a time of upheaval, in which old movements must give way to new ones.

“We must be aware of our social heritage and pay tribute and celebrate the mass movements. But we must also be ready to let go when they are no longer relevant for society and those challenges we face today. We must recognize that something new is needed, and have the courage to throw off that old baggage,” says Christian Bason who, as head of the public unit for user-centered innovation, MindLab, and author of the book, “Welfare Innovation”, has worked with innovation in the public sector.

The Danish strengths within social innovation are a good starting point for solving the problems of the future, emphasizes Niels Ploug. Strong abilities in cooperation across sectors; the ability to adapt quickly; and consumer involvement will be central factors in the renewal process, he believes:

“Thanks to our strong communal tradition, we have built up an infrastructure which is a work of genius when it come to developing and testing new solutions together with consumers. For example, the large number of parent boards in Danish daycare institutions and schools gives us a unique opportunity to initiate a dialogue with the consumers about whether the services that are available today actually meet the existing needs, or whether we need to prioritize differently within the funds available.”

Instead of one, large movement, much indicates that Danish competences within social in-

novation will in the future foster many smaller movements, and though they will take their starting point from the same legacy, they will work towards different goals, believes Christian Bason:

“We won't see the kinds of large movements that have emerged over the last 150 years again. We will experience a more fragmented society which, to an increasing extent, will make it difficult to gather many interests around major projects. But the ability to renew the society through the development of models which seek consensus, are long-term, and match the challenges in society,” he says.

One example of a project which continues this tradition is the Welfare entrepreneurs project, in which a broad group of public and private institutions, lead by the Ministry of Economic and Business Affairs, have joined together to develop frames intended to strengthen social entrepreneurs in the development of new innovative welfare solutions. See text box.

Even though there are today many more interests at play than there used to be, when priorities need to be made in the public sector it is still possible to gather support to create new shared benefits, believes Christian Bason: “We can come a long way if we focus on creating strong coalitions between the players who can contribute to the social models of the future,” he says.

Ultimately, the new developments are not just a matter for the public sector. Neither are they alone in benefitting from the welfare society. Private businesses and Danish industry also have a great deal to gain from being active participants, as there is good money to be earned from new models and products which can solve the problems of contemporary society. In a few years, rapidly advancing developing countries, such as China and India, will have to gear their societies in response to their citizens' demand for increased welfare services. That increasing demand for innovative welfare solutions could well, therefore, be the starting gun for the next, major Danish export adventure. Instead of competing in traditional markets, in which Asia's low wage nations enjoy better conditions, Danish businesses will be able to exploit their skills within social and consumer-driven innovation, according to many experts.

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