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**The social responsibility of enterprises:
Employment of the long-term unemployed, the disabled
and persons with a reduced capacity for work**

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Abstract

More than 20 per cent of the Danish working-age population are provided for by some form of public income transfer. The goal of the present government is that enterprises should employ more of these persons: Enterprises should become more socially responsible. The paper analyses enterprises' employment of the long-term unemployed, the disabled and persons with a reduced capacity for work under the Danish formal and informal schemes. The basis is a representative survey among 2473 Danish enterprises. It emerges that public enterprises are more socially responsible than private ones. The enterprises' size, geographical location and economic situation also influence social responsibility in terms of employment of disadvantaged groups. The results are discussed from two broad theoretical perspectives on enterprise behaviour: Rational choice and culture. The conclusion is that both perspectives may contribute to understanding enterprises' social responsibility.

1. Introduction

The largest social problem in Denmark currently, is the very significant proportion (more than 20 per cent) of the working age (16-66) population provided for by some form of public income transfer (in particular unemployment benefit, social benefit, disability pension, sickness benefit, early retirement wage). This situation is a result of developments through several decades. One of the reasons is the high and increasing unemployment in the period 1974-1994. Although unemployment has decreased considerably in the last few years (from more than 12 per cent in 1994 to about 5 per cent today) large groups are still unemployed or excluded from the labour market. These groups are, not surprisingly, the "weakest" ones, i.e. in particular people with other (social) problems in addition to unemployment, people with health problems and limited qualifications, and ethnic minorities.

The goal of the present government is to reduce the heavy economic burden stemming from the many persons on public income transfer. This goal is to be reached by increasing employment. Two – interrelated – main lines of social and labour market policy have been launched with growing strength in recent years to increase employment – in particular among marginalised groups.

First, the *activation line*. All unemployed people and all people on social assistance must be activated i.e. go into some kind of training or publicly supported work. Activation is a “right” and an “obligation”. There is also a tendency that “activation” is increasingly implemented in relation to other groups without work, e.g. persons on sickness benefit and disability pension. “Everyone with at least some working capacity should have a job and work” – seems to be the trend in Danish social policy. The activation line is targeted at persons and the goal is to develop and use human resources to the assumed benefit of both the persons themselves and society.

The second line in Danish labour market and social policy can be subsumed under the heading “*The social responsibility of enterprises*”. This line is directed at enterprises – both public workplaces and private companies. The theory is that employment problems and social problems cannot be solved solely by public authorities (the welfare state). Enterprises must also play an active role, for example in cooperation with public authorities. However, the enterprises should, according to the current philosophy, not be forced to make an effort, instead “a new partnership for social cohesion” is called for. The enterprises should voluntarily become more socially responsible. In 1994 The Ministry of Social Affairs launched a campaign to increase the social responsibility of enterprises. The campaign is backed by legislation, e.g. on wage subsidies to employers hiring persons with a reduced capacity for work. The campaign includes a number of activities, e.g. local partnerships, seminars, spreading of information, issuing a prize to the most socially responsible company, newsletters, social accounting and national and regional networks of managers. The main concerns of the still lively campaign are: *Prevention* (of social problems and of expulsion from employment); *retention in work* (for example long-term sick persons); and *integration* (of marginalised groups).

Thus to reach the goals in the active social and labour market policy it is essential that enterprises make an effort also. In this paper we will look at some of these efforts - in particular employment of the long-term unemployed, the disabled and persons with a reduced capacity for work. Our point of departure is the enterprise: To what extent do enterprises exhibit social responsibility by employing and retaining in work persons with employment problems? Which types of enterprises (according to e.g. sector and size) seem to be more or less socially responsible in this sense?

In the present context the term “social responsibility” is used to indicate certain types of behaviour or attitudes of enterprises. Employment of, for example, a long-term sick person may be motivated by sheer self-interest on the part of the firm or may be an expression of genuine social and human considerations of management. In both cases we will say that the behaviour is an indicator of social responsibility which thus is not defined on the basis of underlying motives for behaviour or attitudes.

In the paper we start (in section 2) with a description of the types of social responsibility which will be dealt with in the following. Section 3 outlines very briefly a few theoretical considerations about the behaviour of enterprises. In the main section 4 we present and discuss our (preliminary) empirical findings based on a nation-wide telephone survey among Danish enterprises in 1998. Section 5 contains the conclusion.

2. Types of social responsibility

In the following we will describe the special categories of employment/ employed persons studied in the survey. We start with employment according to existing (1998) wage subsidy schemes in

Denmark aimed at promoting employment of the long-term unemployed, social clients and persons with a reduced capacity for work.

Job-training (including pool jobs)¹. - A private employer may receive a wage subsidy for a period up to six months when hiring an unemployed person whom the Employment Service wants to "activate" in job-training². The subsidy (a certain number of DKK per working hour) amounts to about half of the minimum wage. When a public employer hires a long-term unemployed person in a so-called pool job the employer only pays 10 per cent of the wage and there is no payment in connection with job-training (i.e. the state subsidy amounts to 100 per cent of the wage). It is voluntary for public employers to employ persons in pool jobs but the local authorities, counties and the state are obliged to employ a certain number of persons in job-training. The quota holds for public authorities as such – not for the individual workplaces (e.g. institutions) under the authorities. The hourly wage to be paid to the persons hired should be according to collective agreements (but within an absolute maximum in the public sector). In public workplaces the total wage paid must not be larger than the maximum unemployment benefit. The working hours are adapted accordingly. Job-training (and pool jobs) may have a duration of up to three years in the public sector. Job-training is a form of "activation" meaning that the unemployed person is obliged to take the job if the Employment Service deems it appropriate. In 1999 an average of about 22,000 persons were employed in job-training (Danmarks Statistik 2000b).

Flexjob. - Both public employers and private enterprises may employ persons in flexjobs which are permanent jobs. The wage is according to collective agreement. The wage subsidy (financed by the state) amounts to 1/3, 1/2 or 2/3 of the current minimum wage depending on the degree to which the working capacity of the employed person is reduced. Persons with a permanently reduced working capacity (and where work rehabilitation is not possible) should in principle be given a flexjob by the local authorities which administers the scheme and assesses the degree to which the working capacity of the persons is reduced. Both already employed persons and persons without work may be given a flexjob in contrast to job-training which is only for unemployed persons and recipients of social assistance. At present there are about 6,500 flexjobs in Denmark (Danmarks Statistik 2000a). In about 90 per cent of flexjobs the employer receives a wage subsidy of 50 per cent (Dansk Arbejdsgiverforening 1999). The potential number of persons, who might be candidates for a flexjob may be assumed to be quite large. Surveys indicate that significant fractions of long-term unemployed persons and long-term social clients have health problems and social problems i.e. presumably a reduced capacity for work (e.g. Bach, Larsen & Rosdahl 1998).

Protected job. - These jobs are for persons receiving disability pension. Both private and public employers may hire recipients of disability pension. The employer receives a wage subsidy amounting to half of the wage (but maximum 1/6 of the current minimum wage according to collective agreement). In Denmark there are today about 272,000 recipients of disability pension (Danmarks Statistik 2000c). According to different surveys a significant fraction of these persons would like to work if they could get a job adapted to their specific health situation and working ability. So the target group for the protected job scheme may be assumed to be quite large. However today (4th quarter of 1999) there exists only about 4,500 protected jobs corresponding to about 2 per

¹ In the paper we use the term job-training about both job-training and so-called pool jobs. The pool job scheme, which existed in 1998 when the enterprise survey was conducted, has many similarities with the job-training scheme. To-day the pool job scheme has been abandoned and integrated into the job-training scheme. The pool job scheme only applied to the public sector.

² Local authorities may also activate recipients of social assistance in job-training. However, it is predominantly insured unemployed persons (handled by the Employment Service) who are placed in job-training.

cent of the number of recipients of disability pension (Danmarks Statistik 2000a). In addition a number of disability pensioners have other types of jobs - most often with very few working hours. Some years ago it was estimated that in total about 14 per cent had a wage earner job whereas about 4 per cent had income from some type of self-employment (Dansk Arbejdsgiverforening 1999).

A further wage subsidy scheme exists in connection with rehabilitation. In Denmark work rehabilitation most often consists of training/education but it may also take place in a wage subsidised job. In 1998 on average 21,700 persons were under rehabilitation in training/education (Danmarks Statistik 1999) and 3,900 were under rehabilitation in work where the employer received a wage subsidy (amounting to maximum unemployment benefit). As for the other schemes the target group for rehabilitation (in work) may be assumed to be quite large.³

The common characteristic of the schemes mentioned is that a person is employed with a wage subsidy. Flexjobs and protected jobs are, in principle, permanent jobs whereas job-training and rehabilitation are for a limited period of time. For private employers the wage subsidy amounts to about half of the wage in job-training, flexjob and protected jobs. The subsidy for persons under work rehabilitation is larger. For public employers the wage subsidy is the same except in job-training where the subsidy equals the wage (or 90 per cent of the wage in pool jobs).

According to our survey in 1998 about 42,000 persons were employed with a wage subsidy. Of these 16 per cent were in a flexjob, 14 per cent in a protected job, 39 per cent in job-training and about 5 per cent under rehabilitation. In the remaining 26 per cent of the cases the type of subsidy was not reported in the interview or the persons were employed with some other subsidy.

In addition to wage subsidised jobs in our survey we asked the enterprises about three other types of employed persons.

Employed according to social chapters. - In the mid' 90s so-called social chapters were included in a large number of collective agreements in the Danish labour market. The social chapters make it possible for employers and unions locally to agree on employment on special terms deviating from ordinary employment. Such types of employment are for persons whose capacity for work for some reason (e.g. health problems or old age) is reduced. There exists no current statistics on this type of employment but according to our survey about 3,600 persons were in 1998 employed according to the social chapters. In principle employment according to social chapters may be in a flexjob i.e. with a wage subsidy. Presumably however, in practice employment under social chapters is predominantly without any public subsidy.

Disabled. - In the survey the enterprises were posed a separate question about the number of disabled employed persons at the enterprise, i.e. persons with physical or mental handicaps. The category includes persons with vision, hearing or mobility impairment, mentally ill and persons with a less developed intelligence/personality. According to the survey about 16,000 disabled were

³ In addition to the above mentioned types of jobs there exists in Denmark a number of so-called individual job-training places which are also wage subsidised (about 16,600 in 1999, cf. Danmarks Statistik 2000). These are predominantly places for recipients of social assistance and the concrete form is most often so-called employment projects where social clients work together with other social clients or unemployed persons. This type of work is thus not carried out at ordinary enterprises/work-places and individual job-training in employment projects is therefore not included in the present analysis which concerns employment on special conditions in ordinary enterprises. However, a small number of individual job-training places exists in ordinary enterprises. These places are grouped together with job-training in the presentation of the empirical results of the 1998-survey in this paper.

employed⁴. The disabled may be employed with or without a subsidy and there may be some overlap between the category "disabled" and the other categories mentioned above, in particular projected jobs. However in the survey we have no full information about this.

Informal protected jobs. - In the survey the enterprises were asked the following question: "If we look away from persons employed with a wage subsidy, employed according to social chapters and disabled would you then say that one or more employees at the enterprise in practice have a protected job?". If the answer was yes the enterprise was asked about the number of such employees. The idea behind this question was to catch what we term "informal protected jobs", i.e. types of jobs where the enterprise without any subsidy and outside any formal scheme in practice create employment opportunities for persons with a reduced capacity for work. The total number of informal protected jobs was, according to the survey, about 16,000 in 1998.

Thus, we distinguish between *formal* schemes and *informal* ones (informal projected jobs). The formal schemes comprise schemes with a wage subsidy (job-training, flexjob, protected job and rehabilitation) and without a subsidy (social chapters). Job-training and rehabilitation in work imply temporary employment, the other schemes permanent employment.

In Denmark the formal permanent types of special employment (flexjobs, protected jobs and social chapters targeted at persons with a reduced capacity for work) are seen as an indicator of the inclusiveness of the labour market. The political goal is that persons with a reduced capacity for work should have such types of jobs instead of receiving public income transfer in particular (long-term) social assistance and disability pension. The target of the present government is that before 2005 30-40,000 jobs on special conditions should be created (Regeringen 2000). Today there are about 15,000 (6,500 flexjobs, 4,500 protected jobs and 3,500 jobs under social chapters). Social chapters have existed since the mid 90s and the two other schemes have (in slightly different forms) existed for many more years. However, in 1997 the two public schemes were changed so as to promote greater use of them and the political signals emphasised the desirability of that goal. Within the last few years the number of flexjobs has nearly doubled and the number of protected jobs has also increased. This has taken place at a time when total employment in Denmark has also increased.

However, it is difficult to say if it is possible to reach the target of 30-40,000 jobs before 2005. As mentioned above available evidence seems to indicate that the supply of persons for such types of jobs is rather large. At present it is voluntary for the enterprises to use the schemes. The realisation of the political goal will therefore, among other things, depend on the extent to which the enterprises wish to use the schemes to employ persons with a reduced working capacity.

This makes it relevant to study both theoretically and empirically the factors that influence the employment behaviour of enterprises. In the following we will very briefly present two theoretical perspectives on enterprise behaviour (section 3). Then we will in section 4 give some data on enterprises' employment of persons in the categories mentioned above. For simplicity in what follows these persons are sometimes termed "disadvantaged groups".

⁴ Presumably the group of disabled comprise persons with rather severe and visible impairments. Another survey in Denmark (from 1995 and based on interviews with persons) has estimated that in total about 100,000 persons with smaller or greater handicaps were either in dependant employment or in some type of self-employment (Bengtsson 1997).

3. Rational choice or culture?

Put very simply we may identify two broad perspectives on enterprise behaviour: Rational choice and culture (Rosdahl 2000). By behaviour of enterprises we understand behaviour of managers or employees involving the use of company resources (employee or management time, money or physical assets)⁵.

Rational choice implies that the enterprise is doing what serves its "own interests" by calculating anticipated costs and benefits of possible actions - and choosing the optimal behaviour. In the case of private firms "own interests" may be defined as profit maximisation, maximising shareholder value or implementing company strategy. Generally economic theory conceives the enterprise as a rational agent in this sense. The so-called stakeholder model may also be viewed as a model for rational choice. In this model rationality consists of balancing the different exchange relations between the enterprise (management) and stakeholders (e.g. stockholders, customers, employees and suppliers). The basic assumption is still that agents are rational. One could say that the rational model conceives of the enterprise as a tightly coupled system (a means-end hierarchy). All behaviour of managers and employees is closely co-ordinated leading to the most cost-efficient performance of the enterprise's tasks.

A *cultural point of view* may take as its point of departure that people (including managers and employees) have cognitive and normative assumptions about how an enterprise should behave. These assumptions may be conscious or unconscious (tacit). From this point of view one may distinguish between two types of enterprise behaviour: behaviour which reflects the perceived goals of the enterprise and behaviour which reflects other interests (e.g. the personal interest of subordinates or managers - for example social responsibility). According to a cultural point of view this distinction is in itself culturally defined. It is by no means self-evident what types of enterprise behaviour are most "rational" from an instrumental point of view. From a cultural point of view it is not unthinkable that enterprises do something - not because of rational calculation of company interest but because of attitudes, e.g. a genuine wish to do something for a disadvantaged person.

Complying with legislative demands (e.g. quota schemes stating that enterprises should employ a certain number of disadvantaged persons) may be explained by both theoretical perspectives. Complying (or not complying) may be seen as a result of rational calculation or complying may be seen simply as appropriate behaviour.

It is evident that rational choice may be a point of departure for explaining enterprises' use of wage subsidised employment. However, a cultural perspective could also be relevant. For ideological reasons some enterprises may, for example, be reluctant to hire persons with a wage subsidy: "A good company does not hire persons with a subsidy. It can pay the wage its employees deserve itself. It needs no public support or interference."

Thus employment of disadvantaged groups may, in principle, be explained by both perspectives. The rational choice perspective sees it as self-interested behaviour on the part of the enterprise whereas the cultural perspective interprets the behaviour as an expression of cognitive assumptions

⁵ This definition of enterprise behaviour is not trivial. In organisation theory other definitions can be found (e.g. Scott 1998). Enterprise behaviour may, for example, be defined as behaviour of managers and employees reflecting the goals of the enterprise. We find, however, that the definition mentioned above fits better into our purpose.

or attitudes of management. Presumably the two perspectives may lead to different predictions about which types of enterprises are more or less socially responsible.

For an enterprise to survive rational choice is, of course, to some extent necessary. An enterprise is always under some pressure to perform its tasks as cost-efficiently as possible. Presumably the larger this pressure the smaller significance will other factors (irrelevant for the survival of the organisation) have for the behaviour of enterprises. Thus one hypothesis could be that the cultural perspective is most relevant when the economic pressure is small.

In the present context we are, as mentioned, interested in certain types of behaviour of enterprises: employment of long-term unemployed, social clients and persons with reduced capacity for work. The theoretical perspectives are used to discuss the results. The rational choice explanation consists basically in arguing that the (economic) benefit derived from some behaviour is larger than the costs. The cultural explanation says that behaviour is exhibited because it is seen as the right thing to do - as appropriate in the situation.

4. Employment of the long-term unemployed, the disabled and persons with reduced working capacity

4.1. Data

The basis for the following is a survey conducted in the 4th quarter of 1998 among Danish enterprises by The Danish National Institute of Social Research. An enterprise is here defined as the physical-geographical workplace, i.e. a firm may consist of more than one work-place (enterprise). Public workplaces are also termed "enterprises". Defined in this way there are in Denmark (1998) 16,702 public and 85,641 private enterprises with at least 2 employees. From this population was drawn a stratified sample of 974 public and 2027 private enterprises. Thus, public enterprises were over-sampled. The sampling probability also increased with the size of the enterprise. Answers were obtained by telephone interview from 902 public enterprises (93 per cent of the sample) and 1571 private enterprises (78 per cent of the sample). As the sample is stratified the descriptive statistics in the paper always report weighted data where the weight depends on sector, size of enterprise and the size-sector specific response rate. Thus, the results presented in the paper are intended to be representative for all enterprises (with at least 2 employees) in Denmark. The data is described in more detail in Larsen & Weise 1999.

Before the results are presented a few facts about Danish enterprises should be mentioned. As indicated most enterprises (84 per cent) are private, but private enterprises employ only about 2/3 of employees meaning that private enterprises on average are smaller than public ones. The private enterprises in our sample have an average of 22 employees whereas the public ones have 58. 71 per cent of private enterprises have less than 10 employed persons. The corresponding figure for public enterprises is only 38 per cent. 0.7 per cent of private enterprises have more than 200 employees whereas 2.5 per cent of public enterprises do. Thus, enterprises in Denmark are generally rather small.

4.2. The level of employment

First of all it should be underlined that relatively few persons in the categories indicated above are employed in the Danish labour market. With the exception of job-training in the public sector each of the categories comprise less than 1 per cent of the employed labour force and only a small minority of the enterprises employ such persons (table 1). As indicated above the potential employment (in terms of supply of persons for the job-categories) may be assumed to be much larger than actual employment.

Table 1: Certain types of employment/ employed persons by sector.

Types of employment/ Persons:	Per cent of <i>enterprises</i> with at least one employed person of a certain type		Per cent of <i>employees</i> of a certain type	
	Private sector	Public sector	Private sector	Public sector
1. Job-training	4.6	26.9	0.27	1.22
2. Flexjob	2.7	8.9	0.15	0.38
3. Protected job	1.8	8.4	0.13	0.35
4. Wage subsidy	12.5	49.6	0.83	2.77
5. Social chapter	3.8	4.0	0.14	0.11
6. Disabled	8.7	20.9	0.50	0.77
7. Informal protected job	7.6	13.2	0.54	0.59

Note: Rows 1-3 include persons employed with different types of wage subsidies. Row 4 includes the types of persons/jobs in row 1-3 plus others employed with a wage subsidy (and persons where the type of wage subsidy was not known). An individual enterprise may employ more than one of the categories indicated in the table.

One explanation for this could, of course, be that many enterprises may have no knowledge about the existence of the schemes. But presumably, if motivation had existed, one may expect that enterprises would actively have sought the relevant information. Therefore, one may say that enterprises' immediate interest in employing persons with reduced capacity for work is much less than the actual need for employment of such groups according to an active social policy viewpoint.

A rational choice explanation for this is proposed by Bach & Andersen (1998) who suggest that the basic reason why so few persons are employed in job-training by private companies is that the perceived productivity of the long-term unemployed (the target group for job-training) is so low that it very often can not, despite the wage subsidy, pay to employ such persons. Following this line of thought more persons would be employed in job-training if the wage subsidy were higher (or if the long-term unemployed became better trained).

A cultural explanation could be formulated somewhat like this (cultural assumption 1): "The basic aim of an enterprise is to perform its tasks as well as possible. The only legitimate criterion for employing people is that they are worth their wage. Enterprises should not take social issues into consideration in its employment behaviour. It is not appropriate because the aim of an enterprise is to produce goods and services as cost-efficiently as possible." This explanation says that enterprises make their employment decisions on the basis of routines without in every case considering costs and benefits of possible actions. The cultural explanation says nothing about whether it is economically rational or not to employ persons with a reduced capacity for work.

We suggest the hypothesis that both a rational choice and a cultural explanation may be the reason why so few persons with a reduced capacity for work are in employment. Our argument for a cultural explanation is simple and intuitive. A closer look at enterprises will presumably show that

they do many things that are not economically rational in a strict sense. Therefore, there is a priori no reason why enterprises could not act in accordance with some alternative cultural assumptions - for example one formulated like this (cultural assumption 2): "The basic task of an enterprise is to produce goods and services as cost-efficiently as possible. However, each individual enterprise should also do what it possibly can to ensure that persons with reduced capacity for work and other disadvantaged groups have employment opportunities. It is illegitimate that an enterprise only think in cost-efficiency terms at the expense of disadvantaged groups. The enterprise has a social responsibility to contribute its share to solving the employment problems of less productive and disadvantaged groups".

As mentioned in the introduction the active social policy in Denmark aimed at increasing employment of disadvantaged groups is to some extent based on the assumption that enterprises can be influenced by campaigns and appeals. One may interpret the campaign of The Ministry of Social Affairs as an attempt to change the prevailing culture from assumption 1 to assumption 2. Thus one can say that the Danish active social policy to some extent is building on a certain theoretical perspective on enterprise behaviour.

A basic practical (and theoretical) question then is to what extent culture influences enterprise behaviour. Institutional organisation theory (e.g. Scott 1995) lead us to assume that culture somehow is significant and some empirical investigations seem to confirm this view (e.g. in particular Hoffman 1997).

In the following we will look at which types of enterprises are more or less socially responsible in terms of employment of persons in certain special categories, cf. above. Only a few independent variables will be considered: the public-private dimension, size of the enterprise, economic situation of the enterprise and its geographical location.

4.3. Public - private sector

If we look at wage subsidised employment (job-training, flexjob and protected job) we see from table 1 that public enterprises have a much higher probability of using the wage subsidy schemes than private ones. Half of the public enterprises have at least one person employed with a wage subsidy compared to 13 per cent of the private enterprises. From table 2 and 3 it emerges that this difference is also found for enterprises of different sizes. Thus the difference between the public and private sector with respect to use of wage subsidies is not due to the public enterprises being larger than the private ones. Of the total publicly employed persons 2.8 per cent are employed with a wage subsidy compared to 0.8 per cent of the private employees. Thus in this sense public enterprises are more socially responsible than private ones.

It is also apparent from tables 1-3 that public enterprises more often employ disabled persons than private ones – although the difference between the sectors is less pronounced here. With respect to employment according to social chapters there is virtually no difference between the public and private sector – neither when we look at the fraction of enterprises with at least one person employed according to a social chapter nor when we look at the number of such persons relative to total employment in the two sectors.

Table 2: Per cent of enterprises with at least one employed person of a certain type - by size of enterprise. Private sector.

	Size of enterprise, employees					
	-20	20-49	50-99	100-199	200-499	500-
1. Job-training	3.2	6.4	17.0	20.7	14.8	22.0
2. Flexjob	1.4	4.5	9.7	22.8	9.7	13.6
3. Protected job	0.7	3.5	5.5	21.8	9.5	14.1
4. Wage subsidy	9.7	19.0	28.4	41.8	35.1	46.4
5. Social chapter	3.2	3.9	8.1	14.6	7.1	19.9
6. Disabled	6.3	13.1	23.8	34.3	34.6	54.4
7. Informal protected job	4.6	17.5	24.0	23.7	35.3	45.7

Note: See note to table 1.

Table 3: Per cent of enterprises with at least one employed person of a certain type - by size of enterprise. Public sector.

	Size of enterprise, employees					
	-20	20-49	50-99	100-199	200-499	500-
1. Job-training	22.9	31.0	33.0	29.3	63.3	33.6
2. Flexjob	5.1	11.0	16.0	23.9	24.4	60.5
3. Protected job	5.9	12.9	10.1	14.8	18.3	23.0
4. Wage subsidy	41.5	61.9	59.6	67.2	88.1	93.3
5. Social chapter	2.2	5.8	7.8	6.9	12.3	19.0
6. Disabled	16.3	26.7	24.5	41.6	34.5	80.9
7. Informal protected job	7.3	22.1	22.7	28.2	24.7	67.2

Note: See note to table 1.

13.2 per cent of public enterprises have at least one “informal protected job” compared to 7.6 of private enterprises. However, when we look at the different size groups (tables 2-3) there are no consistent differences between the private and the public sector. And there is no clear difference between the sectors when we compare the relative number of persons in informal protected jobs (table 3).

Thus, we see that public enterprises are more socially responsible than private ones but that this primarily holds for wage subsidised employment and employment of the disabled. Employment according to social chapters and informal protected jobs are nearly equally prevalent in the two sectors but overall the public sector contributes more to the goals of the active social and labour market policy than private enterprises

A rational choice explanation of this fact may be that the wage subsidy (relative to the wage paid by the employer) is higher in public sector job-training than in private sector job-training and public sector enterprises may employ a person in job-training for a longer period than private enterprises and thus derive larger benefits from enterprise specific training. In addition public authorities are legally obliged to employ a certain number of long-term unemployed in job-training. Thus, these rational choice considerations may explain that public sector enterprises use job-training much more than private sector enterprises, but they do not explain why also flexjobs and protected jobs are used most in the public sector.

A further rational choice explanation could take as its point of departure the assumption that it costs enterprises something to be socially responsible. If this is so one may expect that enterprises exposed to market competition (as many or most private firms) have fewer incentives to exhibit social responsibility than enterprises not exposed to competition (as most public enterprises). The pressure of competition means that the enterprise always must improve productivity. A pressure for higher productivity may also exist in a public sector managed under budget constraints and increased demand for public services, but in general one may nevertheless assume that the indicated rational choice argument applies i.e. that private enterprises have weaker incentives to be socially responsible than public ones. Furthermore economic theory suggests that a private enterprise will employ more labour only if the marginal revenue product is larger than the wage. In contrast public demand for labour is determined by other mechanisms. This could mean that the minimal productivity requirement for being employed is lower (on average) in the public than in the private sector. Such lines of thought may contribute to explaining the greater use of flexjobs and protected jobs in the public sector and that this sector employs relatively more disabled persons than the private sector.

If it is correct that private companies generally are under a more heavy economic pressure than public ones one should expect that "social attitudes and norms" (cf. the cultural perspective) will have more influence on the behaviour of public than of private enterprises. Two other factors may contribute to this.

The public sector in Denmark predominantly comprises enterprises performing welfare state tasks: Education, social services and health care. The professional ideologies of these sectors is to take care of "people" - the sectors are, one way or another, working with human beings with a view to improving their quality of life over the short or long term. Therefore, one could imagine that "social attitudes" are to a higher degree part of the culture in the public than in the private sector. The private sector is primarily working with "things" or "symbols" and the tasks are only more indirectly connected to the social situation of human beings.

Another - related - reason for public enterprises being more socially responsible could be that the public policy measures - including campaigns - are probably more widely known and received by public enterprises. The communication between the central political-administrative level and the decentralised/local levels (i.e. the public enterprises) are presumably more widespread than communication from the central political-administrative level to private companies. Furthermore the public enterprises have been given a particular legal responsibility in certain areas of what here is termed social responsibility. For many years the public sector had to hire a certain quota of long-term unemployed in job-training. Public enterprises also have a special obligation to consider hiring disabled persons. Therefore some political signals send messages that public enterprises have a special obligation to behave socially responsibly.

Finally, it is possible that the attitude towards wage subsidies are more positive in the public than in the private sector. For ideological reasons some private employers may be reluctant to hire persons with a wage subsidy. Public enterprises are financed by taxes anyway and they may therefore be more ready to use subsidies.

In conclusion then both a cultural and a rational choice perspective may contribute to explaining the greater social responsibility of public than of private enterprises.

4.4. Size of enterprise

In many respects size (as measured by number of employees) is a very important factor. From organisation theory it is well known that the larger the enterprise the more specialisation, bureaucratisation and formalisation. Generally in the private sector larger enterprises also mean professional management (as opposed to owner-managed companies).

Due to the sheer size factor the probability that there can be established at least one special type of job must, *ceteris paribus*, be larger the larger the company. Therefore larger companies should be better able to retain or hire at least one person e.g. with a reduced capacity for work than smaller companies. Other factors, related to size, may work in the same direction. For example, larger enterprises more often have contact with public authorities e.g. the Employment Service. Therefore larger enterprises may have more knowledge about the different public initiatives and measures. Larger enterprises also have more routine than smaller enterprises in dealing with paperwork and legal rules which means that the transaction costs involved when a disadvantaged person is hired is lower in larger than in smaller enterprises. In summary, we should expect that the larger the enterprise the greater the probability of employing at least one disadvantaged person.

Tables 2 and 3 show that this (rational choice based) expectation is by and large borne out by the facts. There is a clear (although not totally consistent) tendency that the larger the enterprise the larger the probability of employing at least one person of the types indicated. This tendency holds both for private and public enterprises. *Thus if social responsibility is measured as the probability of employing at least one disadvantaged person larger enterprises are more socially responsible than smaller ones.*

However, when we look at the number of persons of the types indicated in relation to total employment another picture emerges (tables 4 and 5). The general trend in tables 4 and 5 is that disadvantaged groups comprise a larger fraction of total employment in small enterprises (less than 50 employees) than in large ones (in particular enterprises with more than 200 employees). *Thus, if social responsibility is measured by the relative number of employed disadvantaged persons small enterprises (less than 50 employees) seem more responsible than large enterprises (with more than 200 employees).*

Both a cultural and a rational choice perspective may contribute to explaining this. If socially responsible behaviour is conceived of as behaviour influenced by "human" (i.e. informal considerations) one should expect that such behaviour becomes less widespread as an enterprise grows larger. In larger enterprises there are more managerial levels and the lower levels (responsible for hiring) may have less discretion in engaging in social responsible behaviour than e.g. an owner of a very small firm. For the first line manager in the large company it may be difficult to make decisions that include considerations other than the ones toward which he/she is formally responsible. Cultural factors may have more significance in small enterprises.

A rational choice explanation may be that in large companies deviating from routines (i.e. hiring a disadvantaged person) may require that the first line manager (making the hiring) must involve more levels of management and perhaps also unions meaning that (some of the) transaction costs in connection with hiring is higher in larger than in smaller enterprises. In a small enterprise there may

be only one person making the hiring decision. A further rational choice explanation may take as its point of departure that generally specialisation and formalisation is larger in bigger enterprises. This means that hiring a certain number of disadvantaged persons (= a certain fraction of total employment at the enterprise) will mean lower net-benefits for large enterprises than for small ones.

Table 4: Per cent of employees of certain types - by size of enterprise. Private sector.

	Size of enterprise, employees					
	-20	20-49	50-99	100-199	200-499	500-
1. Job-training	0.44	0.25	0.33	0.42	0.08	0.06
2. Flexjob	0.20	0.16	0.24	0.24	0.07	0.03
3. Protected job	0.10	0.13	0.09	0.34	0.06	0.10
4. Wage subsidy	1.37	0.98	0.87	1.11	0.29	0.20
5. Social chapter	0.20	0.13	0.18	0.07	0.05	0.12
6. Disabled	0.86	0.47	0.48	0.64	0.26	0.15
7. Informal protected job	0.66	0.81	0.67	0.38	0.59	0.20

Note: See note to table 1.

Table 5: Per cent of employees of certain types - by size of enterprise. Public sector.

	Size of enterprise, employees					
	-20	20-49	50-99	100-199	200-499	500-
1. Job-training	4.52	1.70	0.86	0.72	0.37	0.13
2. Flexjob	0.57	0.42	0.31	0.31	0.22	0.47
3. Protected job	0.62	1.17	0.22	0.16	0.20	0.04
4. Wage subsidy	7.12	4.53	2.36	2.12	1.29	0.93
5. Social chapter	0.20	0.13	0.18	0.07	0.05	0.12
6. Disabled	1.86	1.32	0.50	0.75	0.43	0.26
7. Informal protected job	1.06	0.80	0.72	0.49	0.43	0.27

Note: See note to table 1.

4.5. Economic situation of the enterprise

In the survey we have two indicators of the economic situation of the enterprise. First, the enterprises were asked to evaluate their current economic situation on a 5-point scale - from "very good" to "very bad". Of course, this measure is not very precise but it may be used as a rough indicator of the amount of slack resources in the enterprise (= the perceived difference between the amount of resources possessed and needed). The question was answered by both private and public enterprises. The other indicator was whether the number of employees within the last year had increased, decreased or had been stable at the enterprise.

If social responsibility is seen as behaviour which costs something (e.g. presumably informal protected jobs) one might expect that enterprises which are "better off" will have a larger probability of engaging in socially responsible behaviour than "poorer" enterprises. However, if social responsibility is something which the enterprise benefits from (e.g. when hiring a long-term unemployed person with a wage subsidy) a rational choice argument would suggest that "poor enterprises" will be more prone to exhibit socially responsible behaviour than "rich" enterprises.

Table 6: Per cent of enterprises with at least one person of a certain type - by economic situation of enterprise. - Private sector.

	Economic situation of enterprise					
	Very good	2	3	4	Very bad	Total
1. Job-training	2.1	3.8	7.5	6.6	10.6	4.6
2. Flexjob	1.8	2.8	3.2	3.7	0.0	2.7
3. Protected job	1.4	1.8	2.2	3.3	0.0	1.8
4. Wage subsidy	8.9	12.9	15.2	11.7	11.6	12.5
5. Social chapter	2.2	2.7	6.8	4.8	0.9	3.7
6. Disabled	13.1	6.6	8.0	6.4	20.2	8.7
7. Informal protected job	10.2	6.8	7.4	4.4	0.7	7.6

Note: See note to table 1.

Table 7: Per cent of enterprises with at least one person of a certain type - by economic situation of enterprise. - Public sector.

	Economic situation of enterprise					
	Very good	2	3	4	Very bad	Total
1. Job-training	7.4	25.1	27.6	35.5	57.0	27.6
2. Flexjob	3.1	12.6	8.6	5.6	1.7	9.0
3. Protected job	2.7	3.6	10.6	17.6	10.7	8.7
4. Wage subsidy	19.9	48.0	49.9	60.6	60.4	49.2
5. Social chapter	0.4	3.7	5.1	1.8	8.4	4.0
6. Disabled	19.2	17.2	21.4	24.8	11.8	20.0
7. Informal protected job	11.4	12.7	14.5	13.3	14.4	13.5

Note: See note to table 1.

Tables 6 and 7 show quite clearly that the probability of employing at least one person in job-training decreases the better the perceived economic situation of the enterprise. This holds both for the private and the public sector. The probability of having at least one person in job-training is twice the average for (the small number of) enterprises whose economic situation is perceived as “very bad”. Thus although the public sector is obliged to employ a certain number of persons in job-training these persons are not allocated evenly to the public enterprises. Enterprises with a not so good economic situation are most prone to using the scheme. Nearly the same trend emerges if one looks at the number of persons in job-training relative to total employment (tables 8-9).

For the two others forms of wage subsidised employment there seems to be a tendency that they are used mostly by enterprises with neither a perceived very good economic situation nor a very bad economic situation.

Thus it seems that the (perceived) economic situation of the enterprise influences the extent to which wage-subsidised employment of disadvantaged groups is used. Simplifying somewhat one can say that non-permanent wage-subsidised employment (job-training) is used more the poorer the economic situation of the enterprise whereas the permanent wage-subsidised jobs (flexjobs and protected jobs) are used most by enterprises with neither a good nor a bad economic situation.

Table 8: Per cent of employees of certain types - by perceived economic situation of the enterprise. - Private sector.

	Economic situation of enterprise					
	Very good	2	3	4	Very bad	Total
1. Job-training	0.10	0.23	0.48	0.82	0.56	0.27
2. Flexjob	0.06	0.19	0.22	0.29	0.00	0.15
3. Protected job	0.09	0.09	0.14	0.68	0.00	0.13
4. Wage subsidy	0.40	0.82	1.33	2.10	0.64	0.83
5. Social chapter	0.10	0.08	0.25	0.15	0.04	0.12
6. Disabled	0.47	0.42	0.55	0.99	1.03	0.50
7. Informal protected job	0.52	0.57	0.61	0.26	0.09	0.54

Note: See note to table 1.

Table 9: Per cent of employees of certain types - by perceived economic situation of the enterprise. - Public sector.

	Economic situation of enterprise					
	Very good	2	3	4	Very bad	Total
1. Job-training	0.48	0.93	1.27	2.02	2.54	1.24
2. Flexjob	0.12	0.58	0.30	0.25	0.08	0.38
3. Protected job	0.10	0.12	0.31	1.48	0.26	0.36
4. Wage subsidy	1.37	2.30	2.60	5.16	4.44	2.79
5. Social chapter	0.07	0.11	0.12	0.08	0.27	0.11
6. Disabled	0.75	0.62	0.67	1.43	0.72	0.74
7. Informal protected job	0.74	0.44	0.64	0.76	1.00	0.60

Note: See note to table 1.

Enterprises with a very bad economic situation may be reluctant to hire new employees on a permanent basis. This may explain why enterprises with a bad/ very bad economic situation are less prone to use flexjobs and protected jobs than enterprises with a somewhat better economic situation.

For the other categories of employed persons/employment (social chapters, disabled and informal protected jobs) clear general tendencies in the association with perceived economic situation of the enterprises is difficult to ascertain. However, *for private enterprises there seems to be a tendency that informal protected jobs are used mostly by enterprises with a relatively good economic situation.* This holds when looking both at the fraction of companies with at least one informal protected job and the number of informal protected jobs relative to total employment (cf. tables 6 and 8).

The results may be interpreted as a clear indication that “rational choice” may explain some of the variations concerning which types of enterprises are using wage subsidy schemes. To some extent employment with a wage subsidy may be interpreted as hiring cheap labour by relatively "poor enterprises". In the private sector social responsibility without any subsidy and outside any formal schemes (informal protected jobs) are seemingly exhibited least by the small number of private companies in a (perceived) bad economic situation. Thus different mechanisms seem to explain different types of social responsibility.

Table 10: Per cent of enterprises with at least one employee of certain types - by sector and change in enterprises' workforce within last year.

	Private sector			Public sector		
	Change in workforce within last year			Change in workforce within last year		
	Decrease	Stable	Increase	Decrease	Stable	Increase
1. Job-training	5.0	3.4	7.0	18.3	28.0	28.2
2. Flexjob	5.3	1.8	3.2	7.9	9.6	7.8
3. Protected job	2.0	1.7	2.0	6.2	5.2	17.7
4. Wage subsidy	21.5	10.1	13.4	41.6	45.2	64.9
5. Social chapter	5.3	3.3	4.4	3.0	4.6	3.1
6. Disabled	4.2	6.5	3.8	11.8	6.2	9.4
7. Inf. Protc. job	6.9	5.4	12.4	11.1	9.4	23.8

Note: See note to table 1.

Table 11: Per cent of employees of certain types - by sector and change in enterprises' workforce within last year.

	Private sector			Public sector		
	Change in workforce within last year			Change in workforce within last year		
	Decrease	Stable	Increase	Decrease	Stable	Increase
1. Job-training	0.29	0.24	0.28	1.42	1.24	1.10
2. Flexjob	0.18	0.13	0.16	0.28	0.44	0.29
3. Protected job	0.25	0.12	0.07	0.24	0.16	0.89
4. Wage subsidy	1.02	0.84	0.70	3.01	2.41	3.61
5. Social chapter	0.19	0.07	0.17	0.10	0.11	0.12
6. Disabled	0.42	0.65	0.38	1.18	0.62	0.94
7. Inf. Protc. job	0.28	0.60	0.63	0.76	0.41	0.98

Note: See note to table 1.

Tables 10 and 11 show how the special categories of employment vary with changes in total employment at the enterprise within the last year. The results do not seem very clear. Thus *overall there is no general tendency that social responsibility in terms of employment of disadvantaged groups varies in a simple way with development in total employment at the level of the enterprise. The perceived economic situation of the enterprise seems more influential.*

4.6. Geographical location of enterprise

In the present context we have divided Denmark into two geographical regions: East (of Storebælt) and West Denmark (including the Copenhagen area). The reason for this division was partly simplicity (only two regions), partly that other preliminary analyses and investigations have shown differences between East and West Denmark with respect to job-training (Andersen & Bach 1998).

From table 12 and 13 it appears that wage subsidised employment is used relatively more by enterprises in West than in East Denmark. There is a general tendency that this holds both for private and public enterprises and when looking both at the fraction of enterprises with at least one wage subsidised job and the number of wage subsidised jobs relative to total employment. 1.9 per cent of the jobs are wage subsidised in West Denmark compared to 1.1 per cent in East Denmark

Table 12: Per cent of enterprises with at least one employee of certain types - by sector and geographical location

	Private sector		Public sector		Total	
	Location of enterprise		Location of enterprise		Location of enterprise	
	East DK	West DK	East DK	West DK	East DK	West DK
1. Job-training	4.1	4.8	28.2	26.0	9.4	9.4
2. Flexjob	1.7	3.3	5.5	11.5	2.5	5.1
3. Protected job	0.8	2.5	6.2	10.2	2.0	4.2
4. Wage subsidy	9.7	14.3	49.8	50.1	18.5	22.1
5. Social chapter	5.9	2.6	3.8	4.3	5.4	3.0
6. Disabled	9.0	8.6	20.3	20.7	11.5	11.2
7. Inf. Protc. job	7.5	7.7	15.8	11.7	9.3	8.6

Note: See note to table 1.

Table 13: Per cent of employees of certain types - by sector and geographical location

	Private sector		Public sector		Total	
	Location of enterprise		Location of enterprise		Location of enterprise	
	East DK	West DK	East DK	West DK	East DK	West DK
1. Job-training	0.18	0.35	0.82	1.69	0.42	0.75
2. Flexjob	0.06	0.24	0.28	0.53	0.14	0.32
3. Protected job	0.06	0.20	0.31	0.43	0.15	0.27
4. Wage subsidy	0.48	1.16	2.14	3.57	1.09	1.89
5. Social chapter	0.15	0.13	0.06	0.16	0.12	0.14
6. Disabled	0.42	0.59	0.63	0.93	0.50	0.69
7. Inf. Protc. job	0.46	0.63	0.58	0.62	0.50	0.62

Note: See note to table 1.

The explanation of this could, for example, be that enterprises in West Denmark differ from enterprises in East Denmark with respect to factors which influence the prevalence of the different types of employed persons. However, in another analysis of private enterprises' use of job-training a number of other factors (including size of enterprise and industry) were included. Still, in this analysis a similar geographical variation emerged (Andersen & Bach 1998). Thus it is not unthinkable that some cultural factor might explain the east-west difference. In the next section it will emerge whether the other independent variables dealt with above explain the geographical difference.

4.7. A multivariate analysis

For each of the special categories of employed persons/ employment we have conducted a probit analysis of the probability that an enterprise employ at least one person of the indicated types (cf. tables 14a, 14b and 14c). The independent variables were: sector (private/public), size of enterprise, geographical location of enterprise, perceived economic situation of the enterprise and the development in the enterprise's work force last year.

Generally table 14 show most of the same tendencies as discussed above.

Table 14a: Probit analysis of enterprises' employment of at least one person in certain categories. (Higher parameter estimates = greater probability).

		Job-training		Flexjob		Protected job	
		Estimate	Sig. Prob.	Estimate	Sig. prob.	Estimate	Sig. Prob.
Intercept		-0.67	0.0001	-1.51	0.0001	-1.75	0.0001
Sector			0.0001		0.0001		0.0001
	Private	-1.04	0.0001	-0.72	0.0001	-0.41	0.0001
	Public	0	-	0	-	0	-
Size of enterprise			0.0001		0.0001		0.0001
	- 19	0	-	0	-	0	-
	20 - 49	0.36	0.0004	0.50	0.0004	0.43	0.0050
	50 - 99	0.50	0.0001	0.70	0.0001	0.61	0.0001
	100 -199	0.66	0.0001	1.03	0.0001	0.87	0.0001
	200 -499	0.66	0.0001	1.20	0.0001	1.02	0.0001
	500 -	0.74	0.0001	1.49	0.0001	1.34	0.0001
Location of Enterprise			0.3262		0.0001		0.0001
	West DK	0	-	0	-	0	-
	East DK	-0.06	0.3262	-0.30	0.0001	-0.39	0.0001
Change in employees last year			0.1517		0.9758		0.6288
	Decrease	-0.14	0.1272	0.02	0.8258	-0.11	0.3513
	Stable	-0.13	0.0749	0.01	0.9316	-0.06	0.5137
	Increase	-	-	-	-	-	-
Economic situation of enterprise			0.0001		0.2171		0.0967
	Very good	0	-	0	-	0	-
	Good	0.13	0.1990	0.17	0.1321	0.13	0.2955
	Reasonable	0.38	0.0001	0.18	0.1148	0.25	0.0471
	Bad	0.53	0.0001	0.02	0.9151	0.39	0.0188
	Very bad	0.43	0.0328	-0.19	0.4692	-0.06	0.8313

First, it clearly appears that the larger the enterprise the larger the probability of having at least one person employed in the special categories. The parameter estimates indicate a monotonous increasing probability with increasing size of enterprise. This result is not so surprising, cf. the discussion above.

Second, it emerges that public enterprises are more socially responsible than private enterprises. It holds for each and every of the special types of employment/ employed persons included in table 14 - also informal protected jobs and employment according to social chapters. In the descriptive exposition above there was no difference between the public and private sector concerning the fraction of enterprises using the social chapters in collective agreements. However, the analysis in table 14b suggests that, *ceteris paribus*, public enterprises are more prone to use social chapters than private enterprises.

Third, the geographical location of the enterprise is of significance in connection with some types of wage subsidised employment. Enterprises in West Denmark are more prone to use flexjobs and protected jobs than enterprises in East Denmark. However, neither for job-training nor for the remaining categories is the East-West dimension of significance.

Table 14b: Probit analysis of enterprises' employment of at least one person in certain categories. (Higher parameter estimates = greater probability).

		Wage subsidy		Social chapter		Disabled	
		Estimate	Sig. Prob.	Estimate	Sig. prob.	Estimate	Sig. Prob.
Intercept		-0.16	0.15	-1.65	0.0001	-1.03	0.0001
Sector			0.001		0.0023		0.0001
	Private	-1.04	0.0001	-0.28	0.0023	-0.33	0.0001
	Public	0	-	0	-	0	-
Size of enterprise			0.0001		0.0001		0.0001
	- 19	0	-	0	-	0	-
	20 - 49	0.43	0.0001	0.14	0.3449	0.36	0.0003
	50 - 99	0.57	0.0001	0.28	0.0451	0.63	0.0001
	100 -199	0.82	0.0001	0.37	0.0095	1.02	0.0001
	200 -499	0.95	0.0001	0.72	0.0001	1.27	0.0001
	500 -	1.22	0.0001	0.74	0.0001	1.84	0.0001
Location of Enterprise			0.0001		0.5180		0.1003
	West DK	0	-	0	-	0	-
	East DK	-0.25	0.0001	-0.05	0.5180	-0.10	0.1003
Change in employees last year			0.0275		0.8820		0.6279
	Decrease	-0.16	0.0573	0.04	0.7500	-0.04	0.6753
	Stable	-0.17	0.0103	-0.02	0.8549	-0.07	0.3350
	Increase	0	-	0	-	0	-
Economic situation of enterprise			0.0004		0.8680		0.8759
	Very good	-	-	-	-	-	-
	Good	0.21	0.0090	-0.05	0.6527	0.01	0.9245
	Reasonable	0.36	0.0001	0.04	0.7690	-0.01	0.9119
	Bad	0.45	0.0004	0.02	0.8919	0.11	0.3798
	Very bad	0.33	0.0921	0.14	0.5777	-0.03	0.8876

Fourth, change in the size of the workforce at enterprise level is only of significance in connection with the category "wage subsidised employment". Enterprises with increasing employment are more prone to use wage subsidised employment than enterprises with stable or decreasing employment (within last year). It seems that this stems from employment in job-training. The explanation may be that job-training is temporary employment. Thus the persons in job-training must predominantly have been hired within the last year. Furthermore, according to legislation, hiring persons in job-training requires that the total (net) employment of the enterprise is hereby increased. Thus legal factors may explain the result.

Fifth, it is seen from table 14 that the perceived economic situation of the enterprise is of relatively clear significance for wage subsidised employment and for informal protected jobs (the level of significance being however only 0.09 for the latter category). The probability that an enterprise employs at least one person with a wage subsidy is clearly largest for enterprises whose perceived economic situation is not "very good". This result stems primarily from the job-training category. For (formal) protected jobs there is a tendency that they are used most by enterprises with neither a good nor a very bad economic situation. For flexjobs there is (an insignificant) tendency in the same direction. In contrast, informal protected jobs are used more by enterprises with a very good economic situation than by enterprises with a "good" or "reasonable" economic situation. There is an insignificant tendency that the small number of enterprises with a "very bad" economic situation

Table 14c: Probit analysis of enterprises' employment of at least one person in certain categories. (Higher parameter estimates = greater probability).

		Informal protected. job	
		Estimate	Sig. Prob.
Intercept		-1.10	0.0001
Sector			0.0027
	Private	-0.20	0.0027
	Public	0	-
Size of enterprise			0.0001
	- 19	0	-
	20 - 49	0.55	0.0001
	50 - 99	0.81	0.0001
	100 -199	0.89	0.0001
	200 -499	1.26	0.0001
	500 -	1.40	0.0001
Location of Enterprise			0.5963
	West DK	0	-
	East DK	-0.03	0.5963
Change in employees last year			0.0482
	Decrease	-0.01	0.8914
	Stable	-0.15	0.0246
	Increase	0	
Economic situation of enterprise			0.0896
	Very good	0	-
	Good	-0.17	0.0439
	Reasonable	-0.19	0.0310
	Bad	0.004	0.9756
	Very bad	-0.29	0.1669

have the lowest probability of using informal protected jobs whereas enterprises with a "bad" economic situation do not differ from enterprises with a very good economic situation. Thus although the results are not quite clear the general trend is that enterprises with a perceived very good economic situation have the largest probability of using informal projected jobs but the lowest probability of using wage subsidised employment in particular job-training.

5. Conclusion

In the present paper we have dealt with one type of social responsibility among enterprises: Employment of the long-term unemployed, the disabled and persons with a reduced capacity for work in Danish formal and informal schemes. By social responsibility we mean certain types of behaviour or attitudes of enterprises irrespective of the underlying motives of management.

The goal of the present government is to make the labour market more inclusive. More disadvantaged people (e.g. persons with a reduced capacity for work) should be in employment instead of receiving public income transfer. This makes it relevant to study the mechanisms which influence enterprises' employment behaviour.

Looking away from wage subsidised employment in the public sector only a minority of public and private enterprises employ persons in the special categories studied in the paper. For example, the number of persons employed in flexjobs, protected jobs and according to social chapters in collective agreements (targeted at persons with a reduced capacity for work) is about 15,000 which may be assumed to be much less than the potential supply of persons for these schemes. The goal of the present government is to reach 30-40,000 before 2005.

The paper studies, the basis of survey data collected from enterprises, which types of enterprise are most socially responsible in the sense mentioned. The main conclusions are:

- Public enterprises are more socially responsible than private enterprises. For all the special job-categories studied public enterprises are, other factors being equal, more likely than private enterprises to use them.
- Enterprises in West Denmark have a higher probability of employing persons in flexjobs and protected jobs than enterprises in East Denmark.
- The larger the enterprise the larger the probability of employing at least one person in the special categories. This must mainly be due to a sheer size factor. However, there is a tendency that small enterprises (less than 20 employees), both in the public and in the private sector, employ more persons in the special categories relative to total employment than large enterprises (more than 200 employees).
- The perceived economic situation of the enterprise influences social responsibility. The main trend is that enterprises in a very good economic situation have a lower probability of using wage subsidised employment (in particular job-training) but a higher probability of using informal protected jobs than other enterprises.
- Thus, one general conclusion seems to be that different forms of social responsibility are influenced by different factors.

In the paper the results have been discussed on the basis of two broad perspectives on enterprise behaviour: Rational choice and culture. The discussion suggests the hypothesis that both perspectives may contribute to our understanding of the social responsibility of enterprises. Thus, a cultural perspective is not ruled out meaning that enterprises, in principle, may be influenced by campaigns and appeals which are important parts of the Danish strategy to promote employment of disadvantaged groups. However, more research is needed to assess the degree to which cultural factors are significant.

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