



Job Creation and Local Economic Development 2020: Rebuilding Better examines the impacts of COVID-19 on different types of local labour markets. It also considers their performance prior to the pandemic, and how COVID-19 could impact other ongoing local labour market transitions such as digitalisation, automation and the polarisation of jobs. Finally, it discusses the role local actors will play in rebuilding better. Consult the full publication [here](#).

Denmark¹

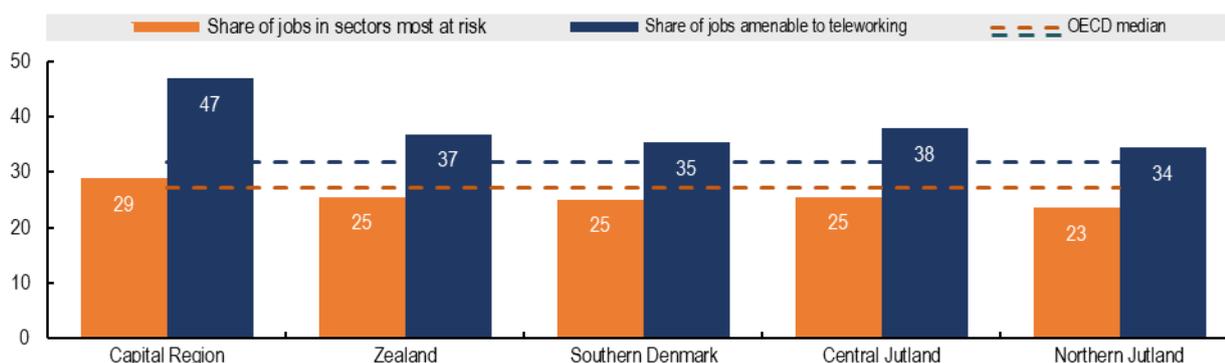
The share of jobs amenable to teleworking is above the OECD regional median in all Danish regions, but varies from 34% in Northern Jutland to 47% in the Capital Region.

No regions in Denmark had lower unemployment rates in 2018 compared to 2008, a trend seen in less than one-third of OECD countries.¹

In all Danish regions, the share of high-skill jobs grew since the early-2000s, and the share of low-skill jobs decreased.

The potential impacts of COVID-19 on local labour markets

Jobs in sectors most at risk and amenable to teleworking



Note: Share of jobs at risk is based on estimates of sectors most impacted by strict containment measures, such as those that involve travelling and direct contact between consumers and service providers. The sectoral composition of the regional economy is based on data from 2017 or latest available year. Share of jobs amenable to teleworking is based on the types of tasks performed in different occupations, and the share of those occupations in regional labour markets. These figures do not account for gaps in access to IT infrastructure across regions, which could further restrict teleworking potential. The OECD median presented here is the median of OECD regions with available data for each indicator.

Source: OECD calculations on OECD (2020), "Regional economy", *OECD Regional Statistics (database)*, <https://doi.org/10.1787/6b288ab8-en>; and OECD (2020), *OECD Regions and Cities at a Glance 2020*, <https://doi.org/10.1787/959d5ba0-en>.

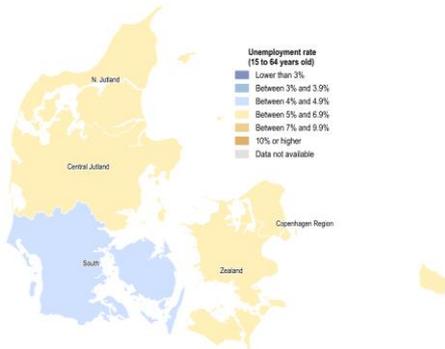
COVID-19 has put unprecedented pressure on local labour markets and economies. The share of jobs in the sectors most at risk from containment measures (e.g. accommodation and food services, and wholesale and retail trade) varies from less than 15% to more than 35% across OECD regions. Disparities between regions in Denmark are relatively small: the share of jobs in sectors most at risk ranges from 23% in Northern Jutland to 29% in the Capital Region. All regions but the Capital Region had a lower share of jobs at risk than the OECD median region.

While containment measures have restricted economic activity in some sectors, the rapid expansion of teleworking has helped maintain other jobs. The share of jobs amenable to teleworking in all regions is higher than the OECD median region, but widespread teleworking is more feasible in some regions than others. The share of jobs amenable to teleworking varies roughly 13 percentage points across regions, from 34% in Northern Jutland to 47% in the Capital Region.

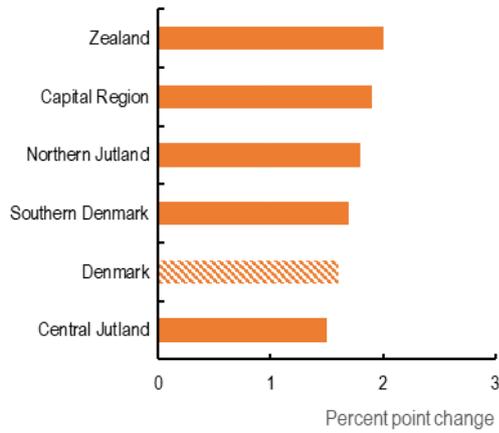
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Local labour market health prior to COVID-19

Unemployment rate, 2019



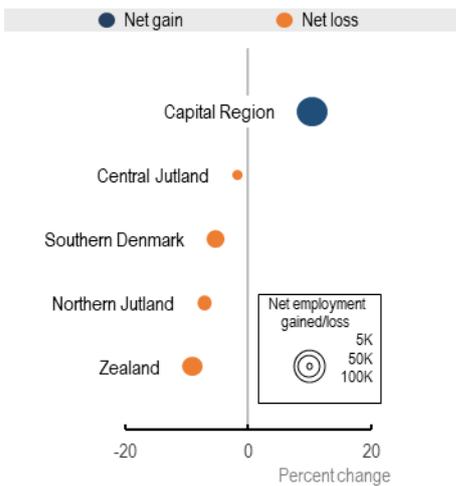
Change in unemployment rate, 2008-2018



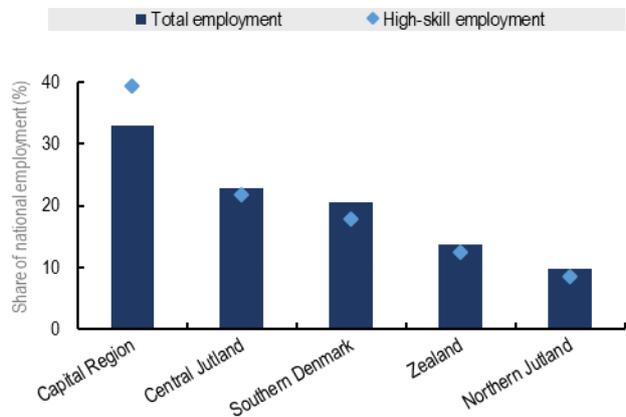
Note: The unemployment rate is computed as the share of unemployed people over the labour force, for the age group 15-64. Source: OECD (2020), "Regional labour markets", *OECD Regional Statistics (database)*, <https://doi.org/10.1787/f7445d96-en>

Before the COVID-19 pandemic, unemployment rates in Denmark were generally low. Rates varied just over 1 percentage point across regions in 2019, from a low of 4.9% in Southern Denmark to a high of 6.0% in Northern Jutland. Looking at the recovery in the ten years following the financial crisis, all regions had unemployment rates higher in 2018 than in 2008, a pattern seen in less than one-third of OECD countries.²

Change in net employment, 2008-2018



Employment by region and skill level, 2018

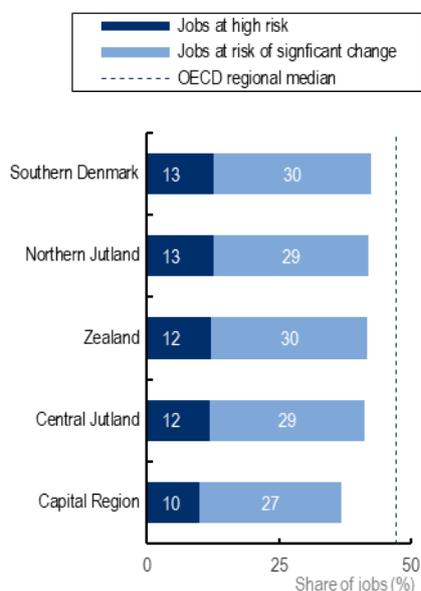


Source: OECD (2020), "Regional labour markets", *OECD Regional Statistics (database)*, <https://doi.org/10.1787/f7445d96-en> and OECD calculations on EU Labour Force Survey

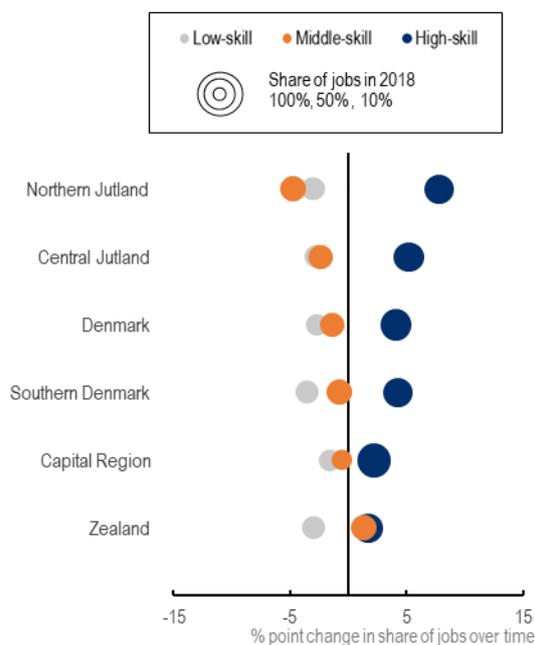
The number of people employed shrunk in all regions in Denmark except for the Capital Region between 2008 and 2018. In 2018, the Capital Region accounted for almost 33% of all employment in Denmark and 39% of all high-skill employment. Looking at a slightly longer time period (2007-2018), the geographic concentration of all jobs (as measured by the number of people employed) increased in Denmark, but did not significantly change for high-skill jobs.

Local labour market transitions

Share of jobs at risk of automation, 2018



Job polarisation, 2007-2018



Note: In Panel A “high risk” refers to the share of workers whose job faces a risk of automation of 70% or above. “Significant risk of change” reflects the share of workers whose job faces a risk of automation between 50% and 70%.

In Panel B, High-skill occupations include jobs classified under the ISCO-88 major groups 1 (legislators, senior officials, and managers); 2 (professionals); and 3 (technicians and associate professionals). Middle-skill occupations include jobs classified under the ISCO-88 major groups 4 (clerks); 6 (skilled agricultural workers); 7 (craft and related trades workers); and 8 (plant and machine operators and assemblers). Low-skill occupations include jobs classified under the ISCO-88 major groups 5 (service workers and shop and market sales workers); and 9 (elementary occupations).

Source: OECD calculations based on Survey of Adult Skills (PIAAC) (2012); and EU Labour Force Survey; Nedelkoska, L. and G. Quintini (2018), “Automation, skills use and training”, <https://doi.org/10.1787/2e2f4eea-en>; and *OECD Employment Outlook 2019: The Future of Work*, <https://doi.org/10.1787/9ee00155-en>.

COVID-19 will likely accelerate automation, putting additional pressures on places with relatively high shares of jobs at risk. All regions in Denmark have a lower of jobs at high risk or risk of significant change from automation than the OECD median region. The share of jobs at risk ranges from 37% in the Capital Region to 43% in Southern Denmark.

Following general OECD patterns, in Denmark, all regions except for Zealand saw the share of middle-skill jobs decrease between 2007 and 2018. However, the decrease in middle-skill jobs was relatively small – less than 5 percentage points in all regions. In all regions, the share of high-skill jobs grew and the share of low-skill jobs decreased.

Active labour market policies: institutional arrangements

Active labour market policies will be of growing importance as the COVID-19 response moves from emergency supports to facilitating labour market transitions. The institutional arrangements for these policies, and the role of subnational governments, varies significantly across countries.

| | | |
|---|--|---|
| | <i>Centralised, including branch offices of national ministry / agency</i> | Since 2009, the Danish employment effort has been grounded in a decentralised structure, with 98 municipalities individually responsible for the implementation of employment measures. In each municipality, the job centre executes employment measures and serves as the single common access point of employment for citizens and companies. Municipalities/job centres manage and operate the local employment measures within the legal framework that is set out politically. The state partially reimburses local government expenditure and oversees and benchmarks the performance. |
| X | Decentralised to subnational governments | |
| | <i>Fully outsourced or delivered through network of public, private, and/or non-profit providers</i> | |
| | <i>Combined system with shared competences, or different systems for different target groups</i> | |

Source: OECD (forthcoming), "Local and regional variations in labour market and skills policies: A cross-country comparison", *OECD Local Economic and Employment Development (LEED) Papers*.

Notes

¹ Data is presented at the TL2 level, which typically corresponds to the first administrative tier of subnational government. See Reader's Guide of the full report for more information on the methodologies behind the calculations.

² The change from 2008-2018 must however be seen in the light of the fact that actual unemployment in Denmark was significantly below the level of structural unemployment in 2008 (the year before the financial crisis), and correspondingly that actual employment far exceeded structural employment. In other words, there was a large positive output gap in 2008, which is why it is not surprising that the unemployment level is higher in 2018 than in 2008 (see [Ministry of Finance, Note 20 May 2014: The Ministry of Finance's calculation of gaps and structural levels](#) for more information).