



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](#).

GERMANY¹

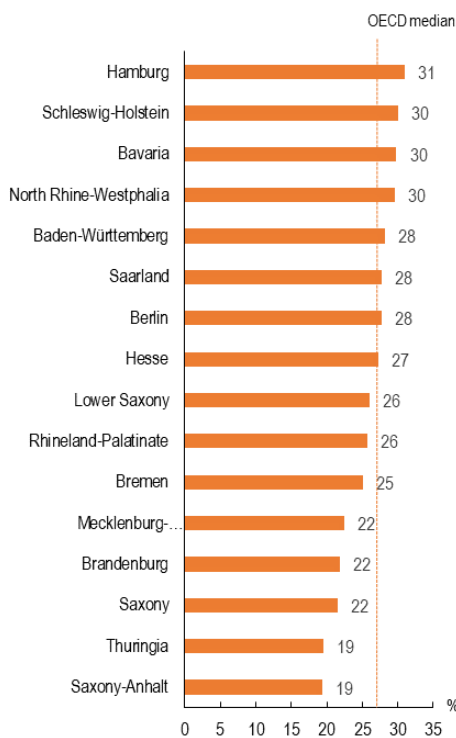
The share of jobs amenable to teleworking is higher than the OECD median region in two-thirds of German regions, but varies from 28% to 44% across regions.

All German regions had lower unemployment rates in 2018 compared to 2008, and gaps between regions shrunk.

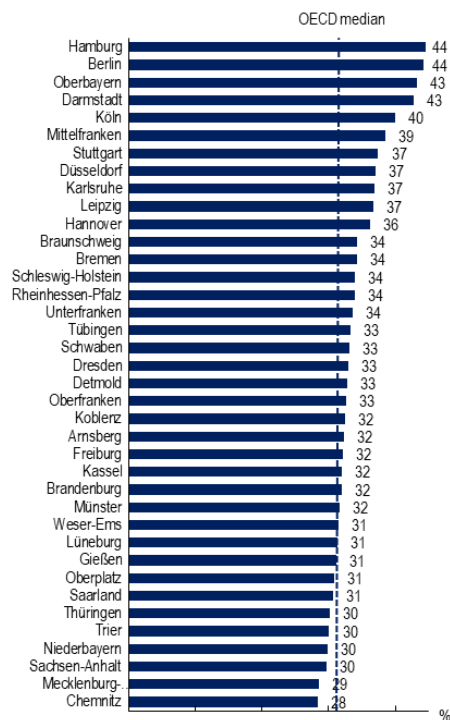
Following general OECD patterns, all German regions saw the share of middle-skill jobs decrease between 2002 and 2018.

The potential impacts of COVID-19 on local labour markets

Share of jobs in sectors at risk from COVID-19



Share of jobs 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. This indicator is presented at the NUTS2 level due to data availability. 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>.

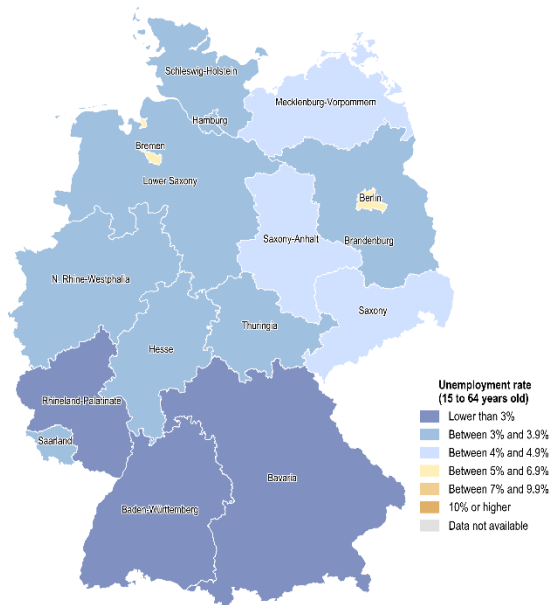
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COVID-19 has put unprecedented pressure on local labour markets and economies. The share of jobs in the sectors most at risk from containment measures (e.g. accommodation and food services, and wholesale and retail trade) varies from less than 15% to more than 35% across OECD regions. In Germany, disparities between regions are close to the OECD average: the share of jobs in sectors most at risk ranges from 19% in Saxony-Anhalt to 31% in Hamburg.

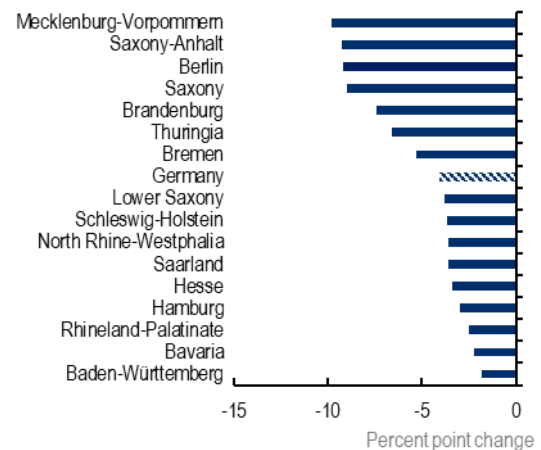
While containment measures have restricted economic activity in some sectors, the rapid expansion of teleworking has helped maintain other jobs. The share of jobs amenable to teleworking in most regions is higher than the OECD median region, but widespread teleworking is more feasible in some regions than others. The share of jobs amenable to teleworking varies roughly 16 percentage points across regions, from 28% in Chemnitz to 44% in Berlin and Hamburg.

Local labour market performance prior to COVID-19

Unemployment rate, 2019



Change in unemployment rate, 2008-2018

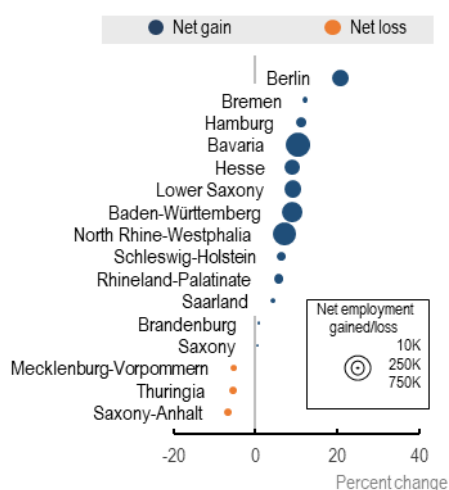


Note: The unemployment rate is computed as the share of unemployed people over the labour force, for the age group 15-64.

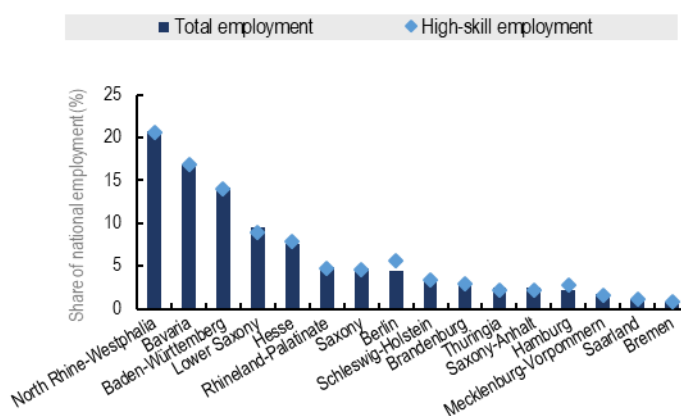
Source: OECD (2020), "Regional labour markets", *OECD Regional Statistics (database)*, <https://doi.org/10.1787/f7445d96-en>.

Prior to the COVID-19 pandemic, unemployment rates in Germany were generally low compared to the OECD average. Rates varied over two-fold across regions, from a low of 2.1% in Bavaria to a high of 5.5% in Berlin in 2019. Looking at the decade following the 2008 crisis, all regions had unemployment rates lower in 2018 than in 2008, a pattern seen in one-third of OECD countries. Regional gaps in unemployment also shrank over this period, thanks to relatively larger declines in the regions with the highest rates in 2008. For example, the unemployment rate decreased by 9.2 percentage points in Berlin, which had the highest unemployment rate in 2008.

Change in net employment, 2008-2018



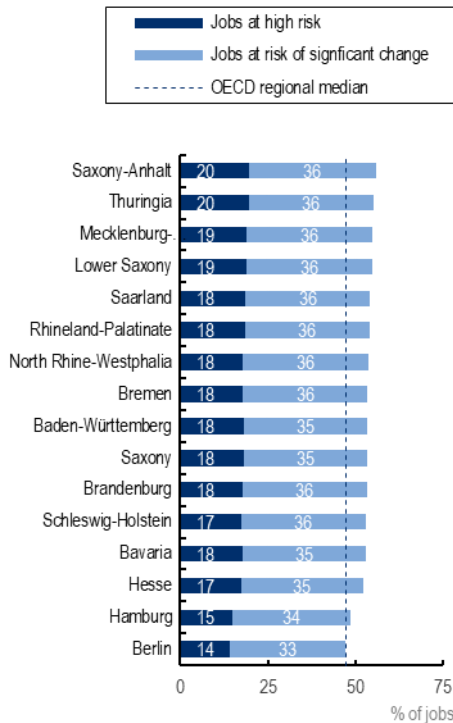
Employment by region and skill level, 2018



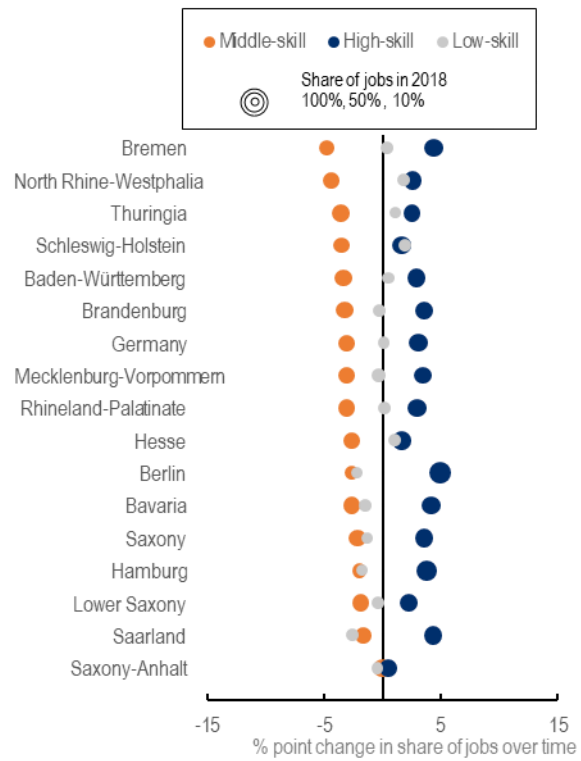
Source: OECD (2020), "Regional labour markets", *OECD Regional Statistics (database)*, <https://doi.org/10.1787/f7445d96-en> and OECD calculations on EU Labour Force Survey.

In all but three regions, the number of people employed grew between 2008 and 2018. Unlike many OECD countries, the strongest employment growth took place outside the capital region. Bavaria was responsible for almost a quarter of net employment growth in Germany over this period. In 2018, North Rhine-Westphalia accounted for the highest share of employment – almost 21% of all employment in Germany and 21% of all high-skill employment. Looking at a longer time period (2002-2018), both the geographic concentration of jobs and high-skill jobs (as measured by the number of people employed) increased slightly in Germany.

Share of jobs at risk of automation, 2018



Panel B. Job polarisation, 2002-2018



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 Germany have a similar or higher share 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 47% in Berlin to 56% in Saxony-Anhalt.

Following general OECD patterns, in Germany all regions saw the share of middle-skill jobs decrease between 2002 and 2018. However, the share of middle-skill jobs decreased by only 5 percentage points or less in all regions. In most regions, the number of middle-skill jobs actually grew, albeit relatively less than jobs overall. Only in Thuringia and Mecklenburg-Vorpommern did the number of middle-skill jobs actually decrease. In most regions, decreasing shares of middle-skill jobs were predominantly offset by increasing shares of high-skill jobs.

Active labour market policies: institutional arrangements

Active labour market policies will be of growing importance as the COVID-19 response moves from emergency support 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>	<p>The Federal Employment Agency (Bundesagentur für Arbeit, BA) is the main public provider of employment services in Germany. Ten regional directorates are responsible for regional labour market policies and coordination with state governments. Under these regional directorates are local employment agencies which provide services for recipients of unemployment benefit I (Arbeitslosengeld I, ALG I). Along with municipalities, the BA is also responsible for job centres, which serve recipients of unemployment benefit II. However, over 100 municipalities have chosen to run these job centres on their own. Within the scope of their responsibilities and taking into account the agreed framework objectives, the employment agencies and job centres can decide with a high degree of flexibility whether and which instruments will be used and how. In addition, active labour market measures are funded through the European Social Fund (ESF). The ESF funds are managed separately by the Federal Government and the Federal States.</p>
	<i>Decentralised to subnational governments</i>	
	<i>Fully outsourced or delivered through network of public, private, and/or non-profit providers</i>	
X	Combined system with shared competences, or different systems for different target groups	

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*; ILO (2015), "Public Employment Services in Europe: Germany", https://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_policy/---cepol/documents/publication/wcms_434599.pdf.

Notes

¹ Unless otherwise indicated, 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.