11. Denmark

This profile provides an overview of labour market conditions in Denmark, analysing trends and differences across five regions (OECD TL2 regions).

Overview of local labour markets

The employment and unemployment rates provide an important indication of the extent to which available labour resources are used, and can provide insights about inclusiveness. In 2016, the Danish employment rate was 7.7 percentage points above the OECD average while the unemployment rate was 2.2 percentage points below the OECD average (Table 11.1). Along with this good performance there are however concerns about long-term unemployment which was 22.5% in 2016, eight percentage points below the OECD average.

Regional disparities within Denmark are considerably below the average across OECD countries. In 2016, the Capital region reached an employment rate of 77.7%, while Zealand, the region with the lowest rate, displayed a rate of 71.9%. In terms of unemployment, the asymmetry is even lower, since the difference between the region with the highest and the lowest rate (Capital region and Central Jutland, respectively) was just one percentage point.

Table 11.1. Overview of national and regional labour markets, Denmark

	2015	2016
Labour force participation rate, %	77.6 (71.3)	78.0 (71.7)
Employment rate, %	74 (66.3)	74.7 (67.0)
Unemployment rate (HUR) , %	4.6 (6.8)	4.1 (6.3)
Long-term unemployment rate (% un.)	26.9 (33.7)	22.5 (30.5)
Regional disparities:		
- Employment rate (disparity index)	2.0 (7.5)	3.1 (7.2)
- Employment rate (difference best-worst performing region)	3.6 (15.7)	5.8 (15.5)
- Unemployment rate (disparity index)	6.9 (26.4)	6.0 (28)
- Unemployment rate (difference best-worst performing region)	1.1 (7.6)	1.0 (7.8)

Note: The employment rate is calculated as the employment (15-64) at place of residence over the working age population (15-64). The unemployment rate is calculated as the unemployed over labour force (15-64). Regional disparity is measured as the standard deviation of the indicator across the TL2 regions of the country, divided by the distribution mean (i.e., coefficient of variation). The difference between the best and worst performing region is expressed in percentage values.
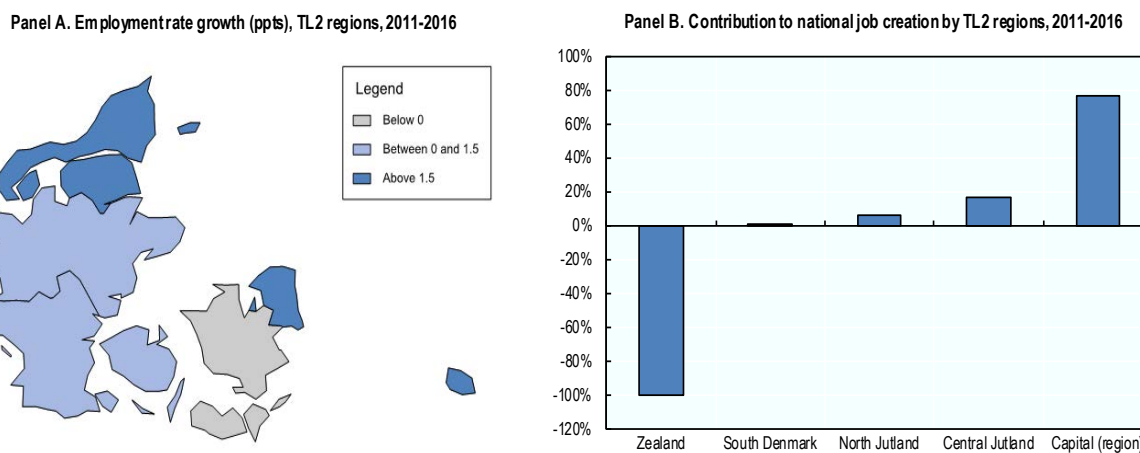*Source*: OECD elaborations based on data from OECD National Accounts and OECD (2018), *OECD Regional Statistics* (database), http://dx.doi.org/10.1787/region-data-en.

StatLink ᵐᵖ https://doi.org/10.1787/888933825541

Trend and aggregate indicators

The employment rate of the Danish economy grew by 1.8 percentage points over the period 2011-16. This aggregate performance masks differences at the regional level as shown in the map in Figure 11.1. The employment rate during this period declined in the region of Zealand (-0.8). The most dynamic regions were the Capital Region, which displayed an increase in the employment rate of 3.8 percentage points, and North Jutland, where the employment rate grew by 2.2 percentage points.

Figure 11.1. Regional employment growth and contribution to national employment growth, Denmark

Panel A. Employment rate growth (ppts), TL2 regions, 2011-2016

Legend
- Below 0
- Between 0 and 1.5
- Above 1.5

Panel B. Contribution to national job creation by TL2 regions, 2011-2016

Note: The growth of the employment rate is calculated as the difference between the rate in 2016 and the rate in 2011. Job creation is calculated as the difference between employment in 2016 and employment in 2011. Panel B shows the share of each region in the aggregate variation of jobs; the share of a region registering a net loss (gain) is calculated with respect of the sum of regions experiencing a net loss (gain) of jobs.
Source: Calculations bases on the OECD (2018), *OECD Regional Statistics* (database), http://dx.doi.org/10.1787/region-data-en.

StatLink ⟲ https://doi.org/10.1787/888933826624

Over the period 2011-16, net job creation was concentrated in the Capital region, accounting for more the 77% of all jobs created in Denmark. By contrast, in Zealand was registered a net loss of jobs.

Jobs at risk of automation

Beside the number of jobs created (or destroyed), it is their "quality" that matters for economic development and inclusion. The analysis conducted in Chapter 1 of this report provides an indication of the share of jobs at risk of automation in the regional economy.

Over the period 2011-16, four out of five regions experienced a reduction in the share of jobs at high risk of automation – Type A in Table 11.2. Still, in the region of North Jutland, most of the jobs created were in occupations at high risk of automation (Type B).

**Table 11.2. Trends in the jobs at risk of automation, Denmark**

A. Creating jobs, predominantly in less risky occupations	B. Creating jobs, predominantly in riskier occupations	C. Losing jobs, predominantly in riskier occupations	D. Losing jobs, predominantly in less risky occupations
Capital (region)	North Jutland		
Zealand			
South Denmark			
Central Jutland			

Note: Type A and Type C regions experienced an increase in the share of jobs at low risk of automation with respect to occupations at high risk of automation. Type B and Type D regions experienced an increase in the share of jobs at high risk of automation. In both Type A and Type B regions aggregate employment grew, while in the Type C and Type D regions employment declined.
Source: OECD Database

The detailed creation of jobs by occupation for one region per category is presented in Figure 11.2. In particular, the growth of employment in the Capital region was mainly driven by jobs in occupations at low risk of automation, such as Business and Administration Associate Professionals (33), Information and Communications Technology Professionals (25) and Business and Administration Professionals (24). By contrast, the region of North Jutland registered an increase of jobs in occupations at high risk of automation, such as Labourers in Mining, Construction, Manufacturing and Transport (93) and Agricultural, Forestry and Fishery Labourers (92).

Figure 11.2. Job creation by risk of automation, selected regions, 2011-16, Denmark

Panel A. Region of Type A
Capital (region)

Panel B. Region of Type B
North Jutland
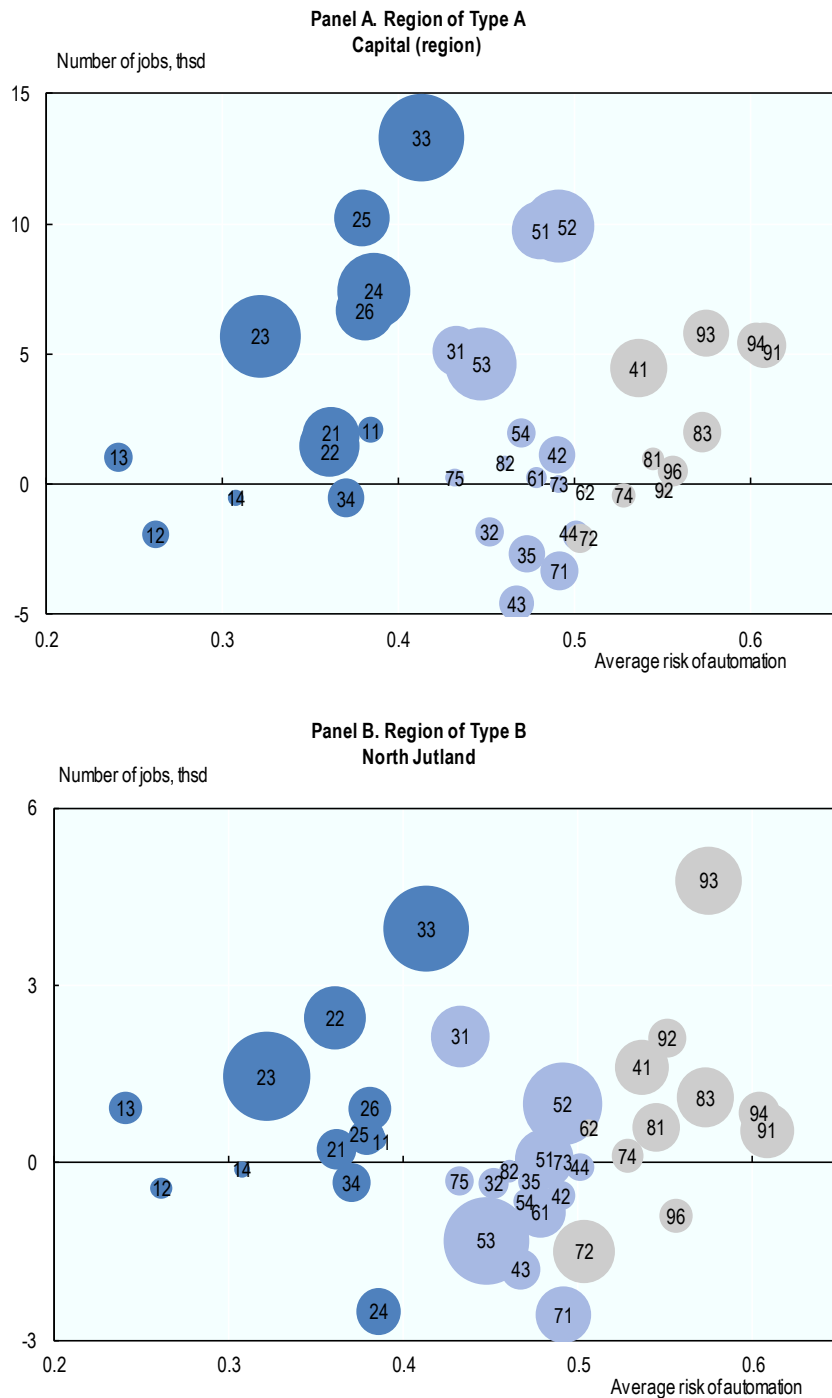
Note: Occupations (ISCO-08 code indicated in the bubble) are ranked from low to high risk of automation along the horizontal axis. Changes in the number of jobs for each occupation are reported along the vertical axis. Bubble size represents the share of jobs in the occupation with respect to total employment in the region. *Source*: Calculations based on EU Labour Force survey.

StatLink 🔗 https://doi.org/10.1787/888933827289
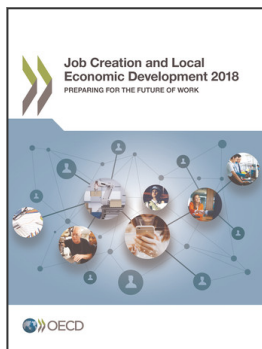
From:

Job Creation and Local Economic Development 2018
Preparing for the Future of Work

Access the complete publication at:
https://doi.org/10.1787/9789264305342-en