

## 13. REGIONAL DISPARITIES IN PARTICIPATION RATES

Labour force participation rates vary significantly among OECD countries. In 2003, international differences in participation rates ranged from 51% in Turkey to 87% in Iceland (Figure 13.1).

### Large variations in France, Australia and Germany

Differences between regions were even greater. In 2003 differences in regional participation rates were above 40 percentage points in France (49), Turkey (44), and Australia (42) (Figure 13.2). The Netherlands and Norway (6), Denmark (7), Sweden, the Czech Republic, the Slovak Republic (8), Iceland (10) and Belgium (9) displayed a more balanced regional pattern.

While the range shows the difference between the region with the lowest and the highest participation rates, the Gini index measures disparities among all regions of a given country. The index ranges between 0 and 1: the higher its value, the larger the disparities between regions.

In 2003, the countries with the highest Gini index for participation rates were Poland and Ireland (0.07), and Turkey, Italy and Mexico (0.06) (Figure 13.3). The countries with the lowest regional dispersion were Norway, the Czech Republic, Sweden, and the Netherlands (0.01).

### Low participation affects over half of the population

In 2003, 53% of the OECD population was located in regions with a participation rate below the national average. The percentage was particularly high in Iceland (85%), the Slovak Republic (78%), Korea (76%), Japan (72%), Greece (71%) and Turkey (68%). In contrast, a majority of the working-age population was based in regions with high participation rates in Australia (82%),

Austria (80%), Canada (77%), Mexico (74%), Portugal and Switzerland (69%).

During 1998-2003 the share of the working age population in regions with a participation rate below the national average increased the most in Korea (21 percentage points), Portugal (19), France (15) and the Slovak Republic (14). It decreased the most in Sweden (-18), Belgium (-16), Spain (-11) and Canada (-10).

### Female participation varies even more

In 2003, the female participation rate in all OECD countries stood at 61% and ranged from 29% in Turkey to 87% in Iceland. According to the Gini index, the largest regional disparities in female participation rates were in Italy (0.12), Ireland (0.08), and Spain and Poland (0.07) (Figure 13.4). The countries with the smallest disparities in 2003 were the Czech Republic, Sweden, Denmark, Norway and the Netherlands, all with a Gini index of 0.02.

In 2003, more than half (59%) of the OECD female working age population was located in regions with a participation rate below the national average. The percentage was particularly high in Greece (83%), the United States (72%), Japan (71%), the Czech Republic (69%), the Slovak Republic (65%), New Zealand (64%) and Belgium (63%). In Australia, Canada, Austria, Norway, Finland, Spain, Hungary and Ireland, a majority of the female working age population was based in regions with high female participation rates.

During 1998-2003, the share of females living in regions with low participation rates increased the most in Greece (13 percentage points), Belgium (10) the Netherlands (6), the Czech Republic and Austria (5) and the United Kingdom (4). It decreased the most in Sweden (-29), Hungary (-8), Italy (-5), Finland (-4), the United States, Australia and Norway (-3).

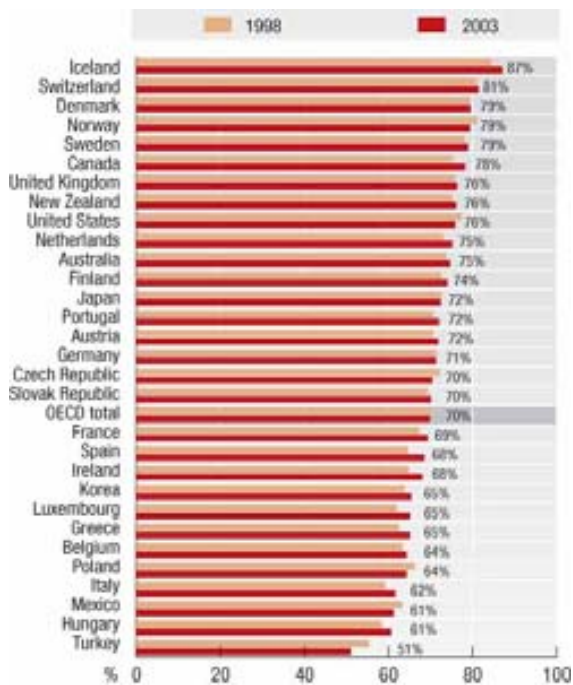
#### Definition

The participation rate is the ratio of the labour force to the working age population (aged 15-64 years). The labour force is defined as the sum of employed and unemployed people. Similarly, the female participation rate is defined as the ratio of the female labour force to the female working age population.

# 13. REGIONAL DISPARITIES IN PARTICIPATION RATES

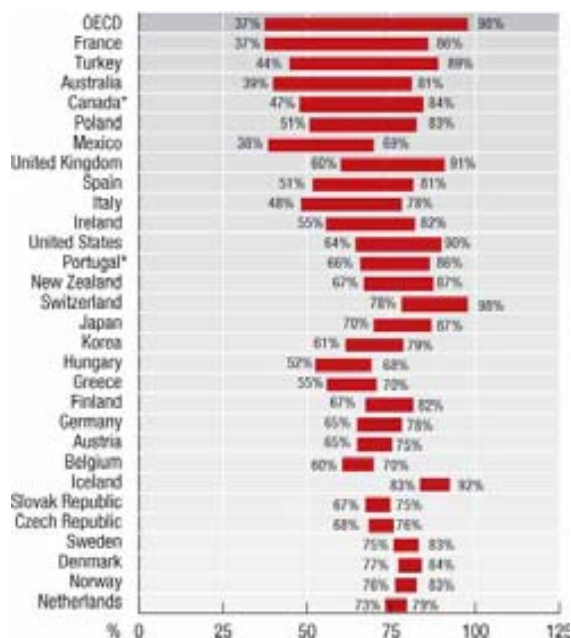
## 13.1. Participation rates vary significantly among OECD countries...

National participation rates



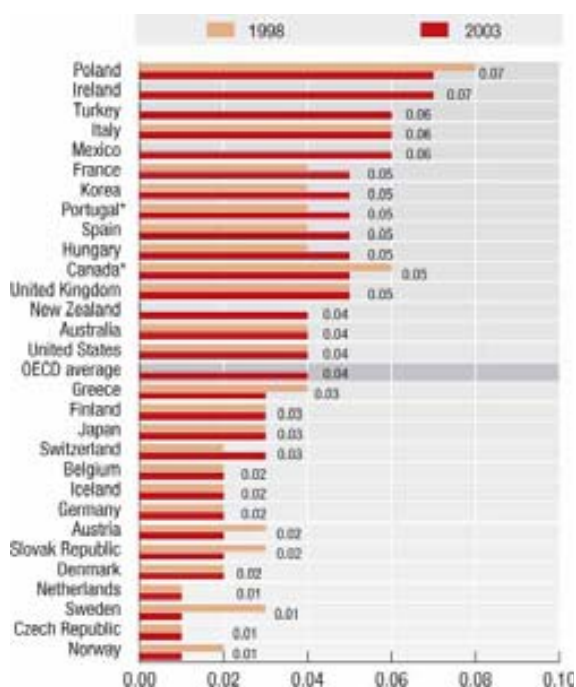
## 13.2. ... but disparities in participation rates are even larger among regions

Range in labour force participation rates across regions within each country, 2003 (TL3)



## 13.3. In 2003, the largest regional disparities in participation rates were in Poland and Ireland

Gini index of inequality of participation rates across regions (TL3)



## 13.4. In 2003, the largest regional disparities in female participation rates were in Italy, Ireland, Spain and Poland

Gini index of inequality of female participation rates across regions (TL3)

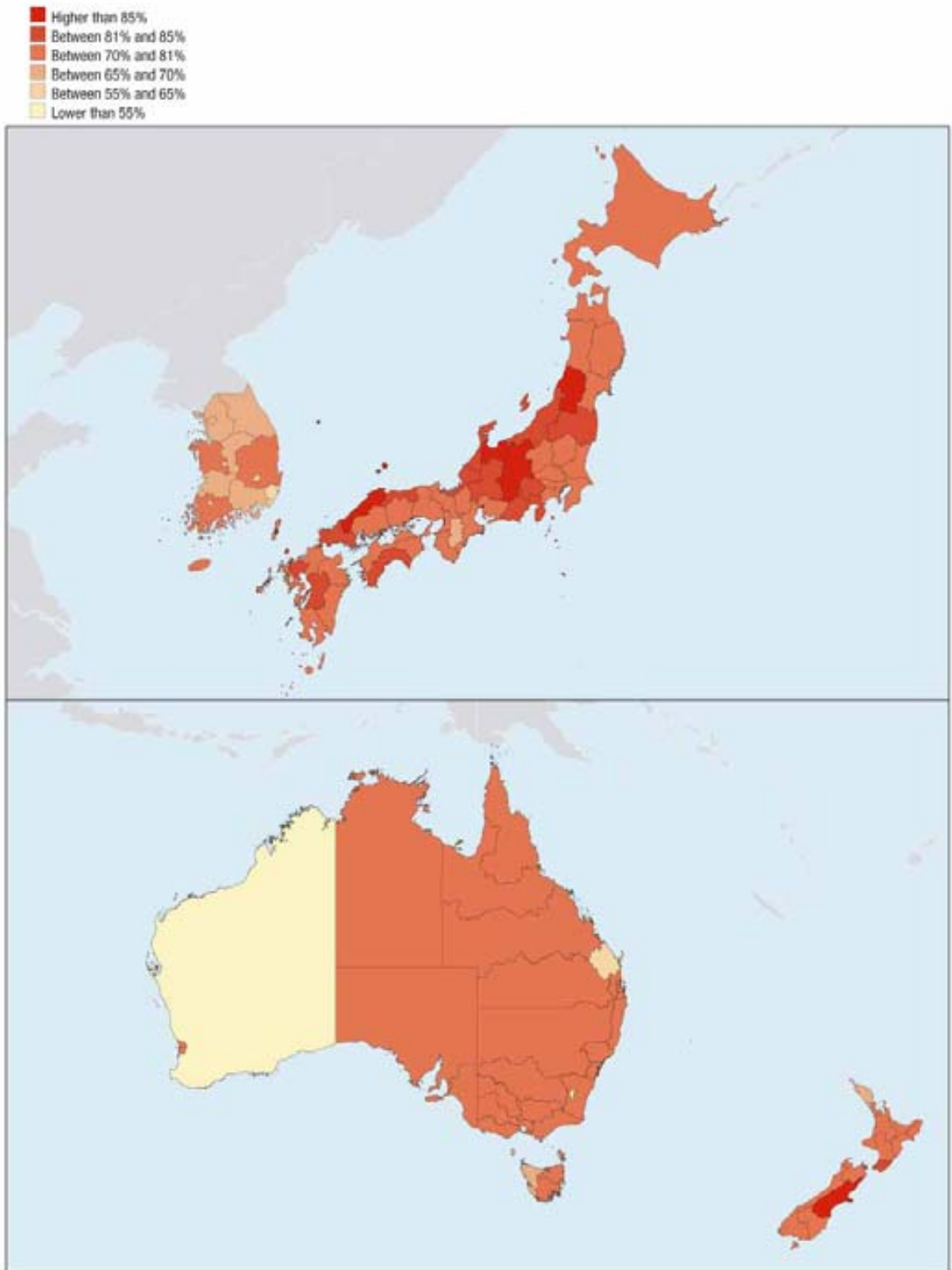


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## 13. REGIONAL DISPARITIES IN PARTICIPATION RATES

### 13.5. Regional participation rates: Australia and Oceania

Males and females, 2003

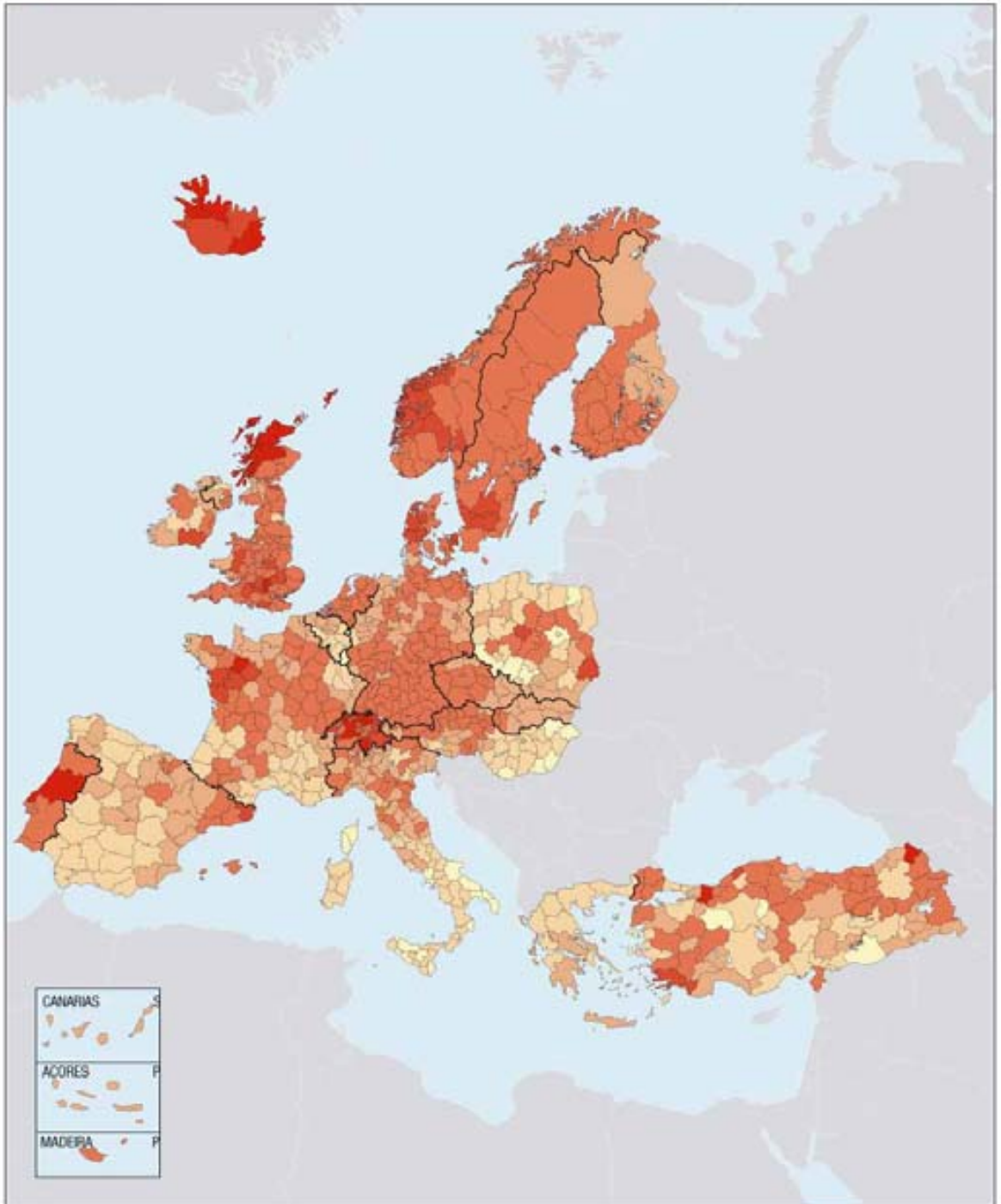


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## 13.6. Regional participation rate: Europe

Males and females, 2003

- Higher than 85%
- Between 81% and 85%
- Between 70% and 81%
- Between 65% and 70%
- Between 55% and 65%
- Lower than 55%

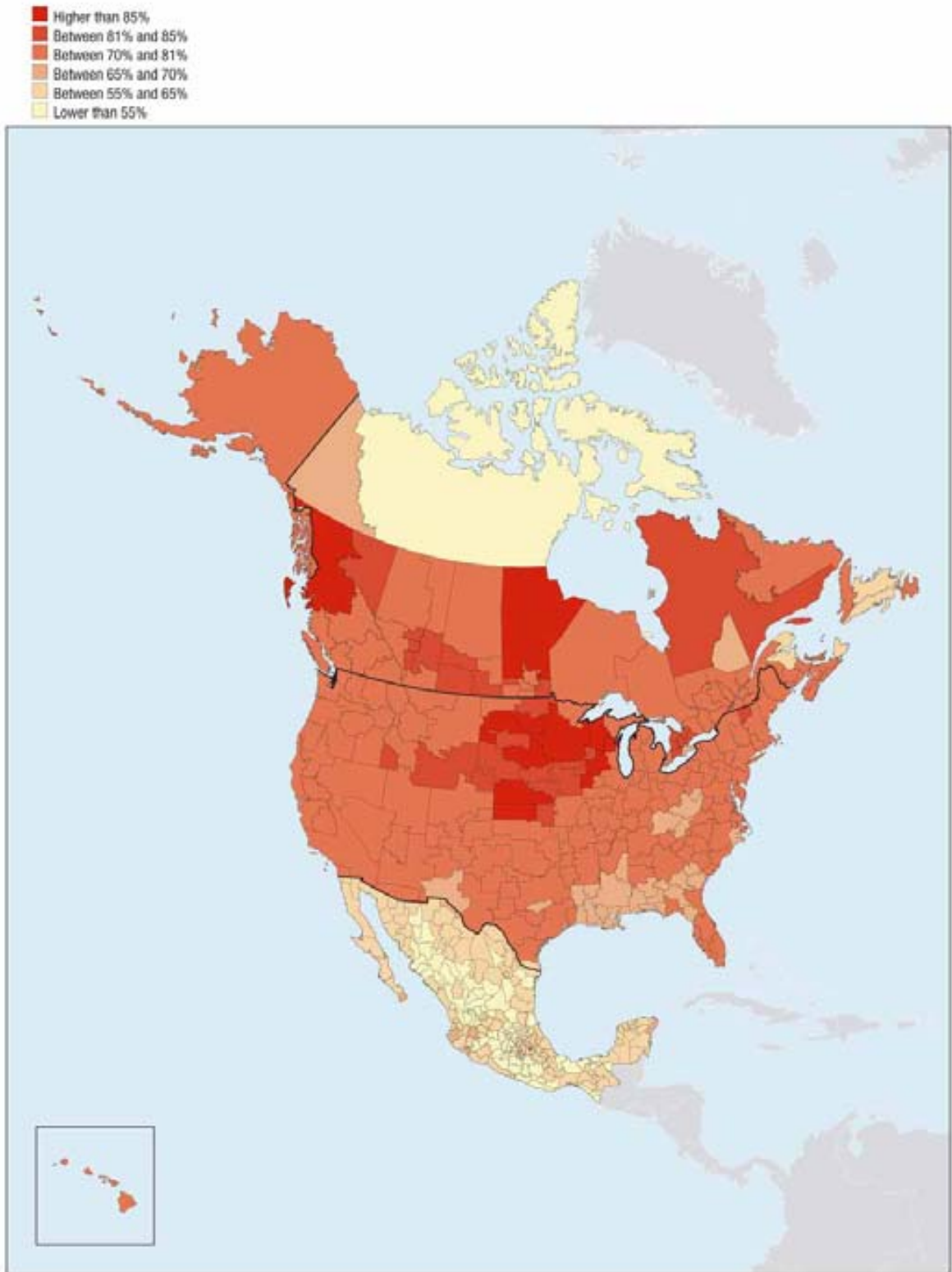


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## 13. REGIONAL DISPARITIES IN PARTICIPATION RATES

### 13.7. Regional participation rate: North America

Males and females, 2003



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## Entering the job market: job opportunities and regional disparities

Participation rates, i.e. the ratio of the labour force to the working age population, vary significantly among regions, largely as a result of three factors: demographic structure, social norms (e.g. the role of women in society) and economic opportunities.

Age affects the propensity to participate in the labour market: participation is low for young people during education, it increases for adults and it decreases with age owing to retirement. Therefore, the larger the percentage of the young or old in a given population, the lower the participation rate.

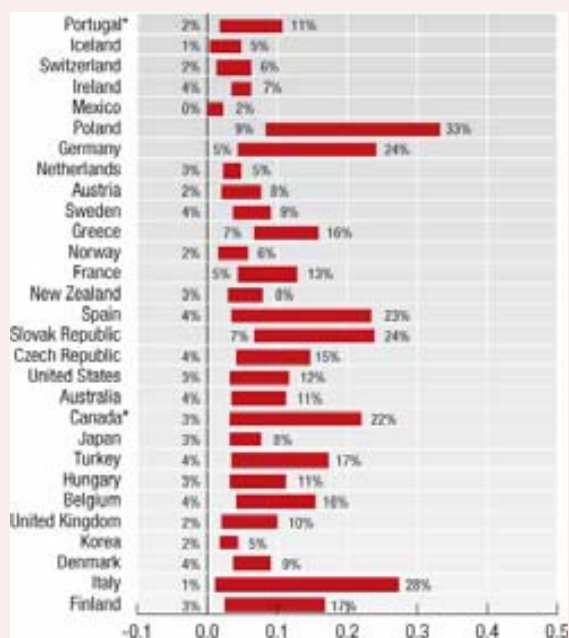
The gender composition of the population also affects participation rates. Owing to social customs, labour market participation tends to be lower for women than for men so that the larger the share of women in a region, the lower its participation rate. However, female participation in the labour market increases when adequate social services (i.e. child care and day care facilities, parental leave, etc.) are available. Female participation rates also tend to be higher where more economic opportunities are available; therefore their participation rates are higher in urban and intermediate regions. In fact, in 2003 in 13 out of 19 OECD countries the participation of women was highest in predominantly urban regions.

The degree of economic opportunity is the third factor affecting participation rates. Marked regional disparities in unemployment rates (Figure 13.8) suggest that job opportunities vary significantly among regions: the higher the unemployment rate, the lower the probability that an individual will find a job and thus the incentive to enter the labour market. In fact (Figure 13.9) there is a significant negative correlation between regional participation rates and regional unemployment rates in all OECD countries except in Portugal, Iceland, Switzerland and Ireland (not statistically significant).

In the remaining 25 countries, the correlation is negative and statistically significant except for New Zealand, Mexico and the Netherlands, indicating that participation rates are low in regions of high unemployment. This general pattern suggests that regional differences in job opportunities are a major explanation for the observed differences in labour market participation.

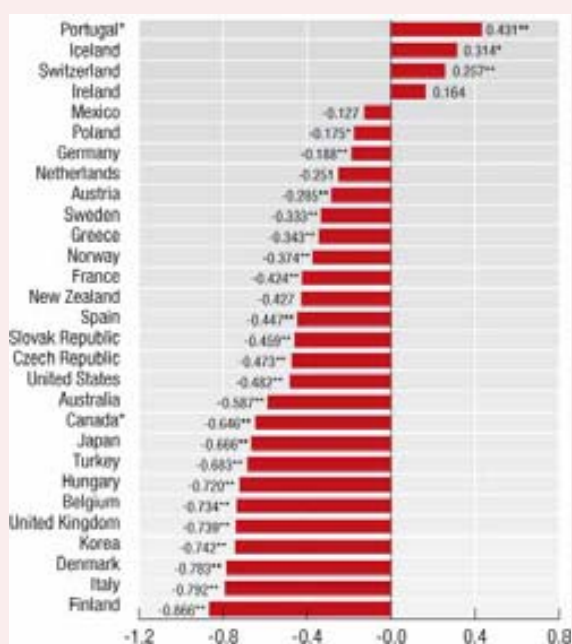
### 13.8. Unemployment rates vary significantly among regions

Range in unemployment rates across regions within each country, 2003 (TL3)



### 13.9. Participation rates are low in high-unemployment regions

Spearman correlation between regional participation rates and regional unemployment rates, 1998-2003 (TL3)



\* Significant at 95%. \*\* Significant at 99%.

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## **THE KEY DRIVERS OF REGIONAL GROWTH**



## Symbols and Abbreviations

<b>OECD (25) average</b>	Unweighted average of 25 OECD countries.
<b>OECD (25) total</b>	Sum over all regions of 25 OECD countries.
<b>OECD (25)</b>	Range of variation over all regions of 25 OECD countries.
<b>TL2</b>	Territorial Level 2.
<b>TL3</b>	Territorial Level 3
<b>NOG</b>	Non Official Grid
<b>*</b>	Differences in the definition of data or regions. Please check the “Sources and Methodology” section.
<b>PU</b>	Predominantly Urban
<b>IN</b>	Intermediate
<b>PR</b>	Predominantly Rural
<b>PPP</b>	Purchasing Power Parity
<b>USD</b>	United States Dollar





## **I. REGIONS AS ACTORS OF NATIONAL GROWTH**

1. GEOGRAPHIC CONCENTRATION OF POPULATION
2. GEOGRAPHIC CONCENTRATION OF THE ELDERLY POPULATION
3. GEOGRAPHIC CONCENTRATION OF GDP
4. REGIONAL CONTRIBUTIONS TO GROWTH IN NATIONAL GDP
5. GEOGRAPHIC CONCENTRATION OF INDUSTRIES
6. REGIONAL CONTRIBUTIONS TO CHANGES IN EMPLOYMENT
7. GEOGRAPHIC CONCENTRATION OF PATENTS

## Table of Contents

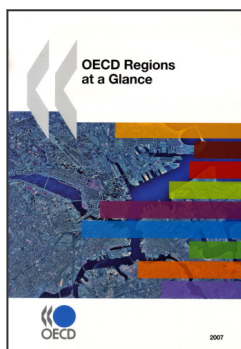
<b>Executive Summary</b> .....	7
<b>Symbols and abbreviations</b> .....	11
<b>I. Regions as Actors of National Growth</b>	
1. <b>Geographic concentration of population</b> .....	14
2. <b>Geographic concentration of the elderly population</b> .....	20
3. <b>Geographic concentration of GDP</b> .....	26
4. <b>Regional contributions to growth in national GDP</b> .....	32
5. <b>Geographic concentration of industries</b> .....	38
6. <b>Regional contributions to changes in employment</b> .....	44
7. <b>Geographic concentration of patents</b> .....	50
<b>II. Making the Best of Local Assets</b>	
8. <b>Regional disparities in GDP per capita</b> .....	58
9. <b>Regional disparities in labour productivity</b> .....	64
10. <b>Regional disparities in specialisation</b> .....	70
11. <b>Regional disparities in tertiary education attainment</b> .....	76
12. <b>Regional disparities in unemployment rates</b> .....	82
13. <b>Regional disparities in participation rates</b> .....	88
<b>The Key Drivers of Regional Growth</b>	
14. <b>The factors behind regional performance</b> .....	96
15. <b>Regional growth in the OECD</b> .....	98
16. <b>National factors and regional performances</b> .....	102
17. <b>Regional factors: GDP per capita and population</b> .....	106
18. <b>Regional factors: productivity and specialisation</b> .....	110
19. <b>Regional factors: employment, participation and ageing</b> .....	114
<b>III. Competing on the Basis of Regional Well-being</b>	
20. <b>Accessibility: distance from the closest urban centre</b> .....	120
21. <b>Education: student enrolments in tertiary education</b> .....	124
22. <b>Voter turnout in national elections</b> .....	128
23. <b>Safety: reported crimes against property</b> .....	132
24. <b>Safety: reported murders</b> .....	136
25. <b>Home ownership</b> .....	140
26. <b>Environment: private vehicle ownership</b> .....	144
27. <b>Environment: municipal waste</b> .....	148

## IV. Regional Focus on Health

28. Health: age-adjusted mortality rate .....	154
29. Health status: premature mortality .....	160
30. Health status: incidence of cancer .....	166
31. Health resources: number of physicians .....	172
32. Health resources: density of practising nurses .....	178
33. Health resources: hospital beds .....	182
34. Health resources: medical technology .....	188
35. Non-medical determinants of health: prevalence of smoking .....	194
36. Non-medical determinants of health: prevalence of obesity .....	198

## Source and Methodology

<b>Territorial Grids and Regional Typology</b> .....	205
Regional grids .....	205
Regional typology .....	205
Population – Chapters: 1, 8, 17, 21, 23, 24, 26, 27, 30, 31, 32, 33, 34, 35, 36 .....	214
Population by age and sex – Chapters: 2, 11, 13, 19, 28 .....	215
Gross domestic product – Chapters: 3, 4, 8, 9, 15, 16, 17, 18, 19 .....	217
Employment by industry – Chapters: 5, 10, 18 .....	219
Labour force, employment, unemployment and long-term unemployment – Chapters: 6, 9, 12, 13, 18, 19 .....	220
Employment at place of work – Chapter 9 .....	222
Patent applications – Chapter 7 .....	223
Educational attainments – Chapter 11 .....	224
Time distance from the closest urban centre – Chapter 20 .....	226
Student enrolment in tertiary education – Chapter 21 .....	228
Voter turnout in national elections – Chapter 22 .....	229
Crimes against property – Chapter 23 .....	230
Number of murders – Chapter 24 .....	232
Number of dwellings inhabited by the owner; total number of occupied dwellings – Chapter 25 .....	234
Number of private vehicles – Chapter 26 .....	235
Volume of produced waste – Chapter 27 .....	236
Death by age and sex: Chapters 28, 29 .....	237
Number of new cases of cancer – Chapter 30 .....	239
Number of physicians – Chapter 31 .....	240
Number of nurses – Chapter 32 .....	242
Number of hospital beds – Chapter 33 .....	244
Number of CT scanners and MRI units – Chapter 34 .....	246
Number of smokers aged 15 and over – Chapter 35 .....	247
Number of people suffering from obesity – Chapter 36 .....	248
<b>Indexes and Formulas</b> .....	249
The drivers of regional growth .....	251



**From:**  
**OECD Regions at a Glance 2007**

**Access the complete publication at:**  
[https://doi.org/10.1787/reg\\_glance-2007-en](https://doi.org/10.1787/reg_glance-2007-en)

**Please cite this chapter as:**

OECD (2008), "Regional disparities in participation rates", in *OECD Regions at a Glance 2007*, OECD Publishing, Paris.

DOI: [https://doi.org/10.1787/reg\\_glance-2007-15-en](https://doi.org/10.1787/reg_glance-2007-15-en)

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