

## 6. REGIONAL CONTRIBUTIONS TO CHANGES IN EMPLOYMENT

Growth in employment varies significantly among OECD countries (Figure 6.1). During 1998-2003, international differences in employment growth rates were as large as 6.2 percentage points, ranging from -2.2% in Poland to 4% in Spain.

### Labour market performance varies widely

Significant international differences in employment growth hide even larger differences among regions. In Italy (15 percentage points), France and Poland (11), Portugal and the United States (10), differences in regional growth rates were no less than 10 percentage points (Figure 6.2). In Australia, the United Kingdom and Canada (9), Germany (8), Korea (7), New Zealand, Spain and Sweden (6) the differences were smaller but still significant. Only Belgium (1), Norway, Denmark, the Czech Republic, Switzerland and Greece (2) had more regular patterns of regional employment growth.

### Regional patterns shape national trends

Wide differences in regional growth rates do not seem to be associated with faster national growth. For instance, regional differences in Spain (6%), which had the highest national employment growth, were comparable to those in Germany (5%), which had one of the largest decreases in national employment.

Changes in national employment, therefore, do not result from an even pattern of growth across regions, but from the balance between growth in some regions and declines in others.

Employment growth at the national level appears largely driven by a small number of regions. Over the period 1998-2003, 51% of employment growth occurred in 10% of OECD regions (Figure 6.3).

### Regions can contribute substantially to employment growth

The regional contribution to national employment growth was particularly pronounced in certain countries. In Japan, 10% of regions accounted for all of national employment growth. In Iceland, the Slovak Republic, Denmark, Japan, and the Czech Republic no less than 60% of the national employment growth was spurred by a single region.

### The same is true of declines in employment

The pattern is similar for decreases in employment. During 1998-2003, 44% of all OECD-area reductions were concentrated in 10% of regions (Figure 6.4). In Austria and Korea, a single region accounted for the entire reduction in national employment, while in Australia and Italy, 10% of regions accounted for the total reduction. In Portugal the United Kingdom, Greece, Switzerland, Canada and New Zealand, no less than 87% of employment decreases were due to 10% of regions.

These findings suggest that changes in national employment are largely determined by a small number of regions. Regional factors therefore tend to play an equally important role as national factors in promoting total employment growth.

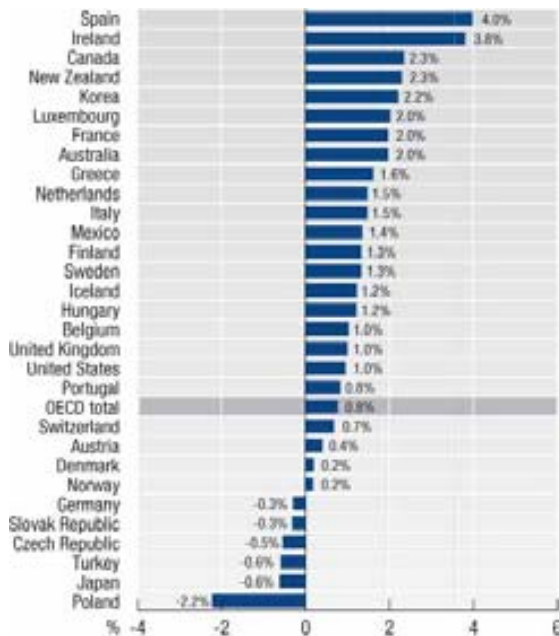
#### Definition

The employment growth rate refers to the average annual growth rate. Employed persons are all persons who, during the reference week, worked at least one hour for pay or profit, or were temporarily absent from such work. Family workers are included.

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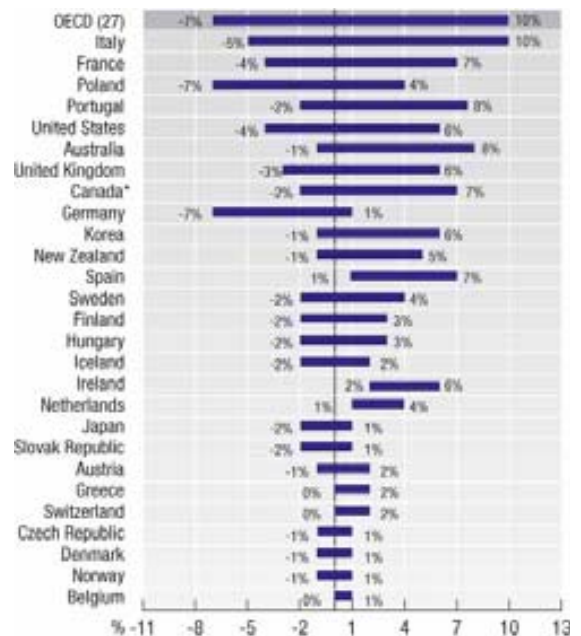
### 6.1. From 1998 to 2003 employment growth varied significantly among OECD countries

Average annual growth rate in national employment, 1998-2003



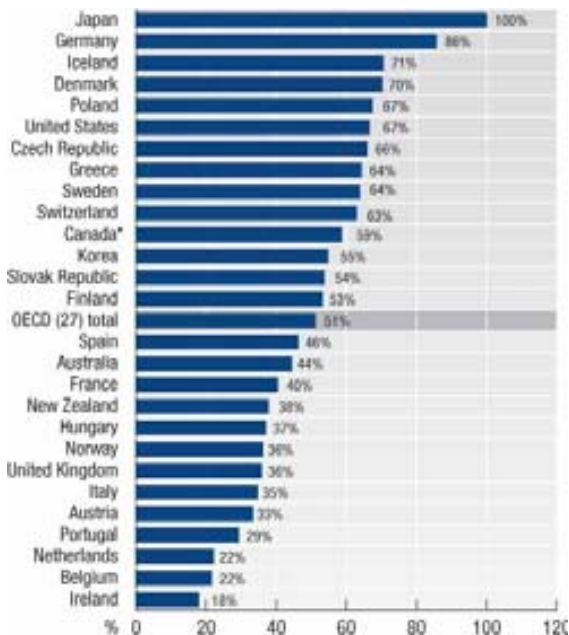
### 6.2. Differences in employment growth among regions within countries were substantial

Range in annualised employment growth across regions, 1998-2003 (TL3)



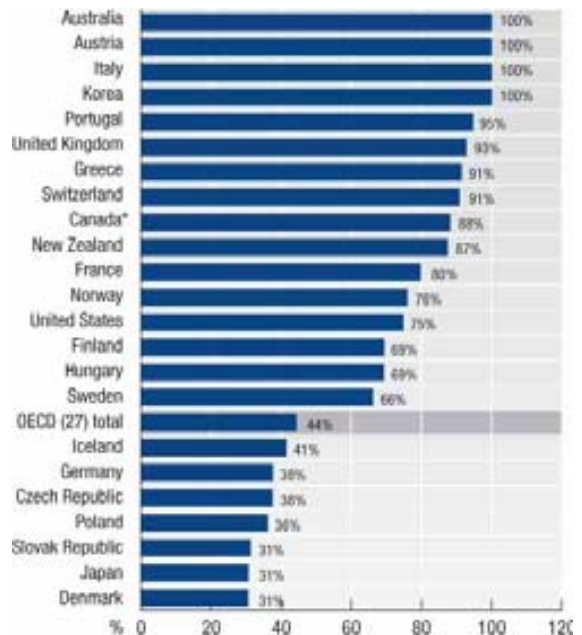
### 6.3. More than half of OECD-area employment growth during 1998-2003 occurred in 10% of regions

Proportion of increase in national employment due to 10% of regions with the largest increase, 1998-2003 (TL3)



### 6.4. 44% of employment reduction across the OECD occurred in only 10% of regions

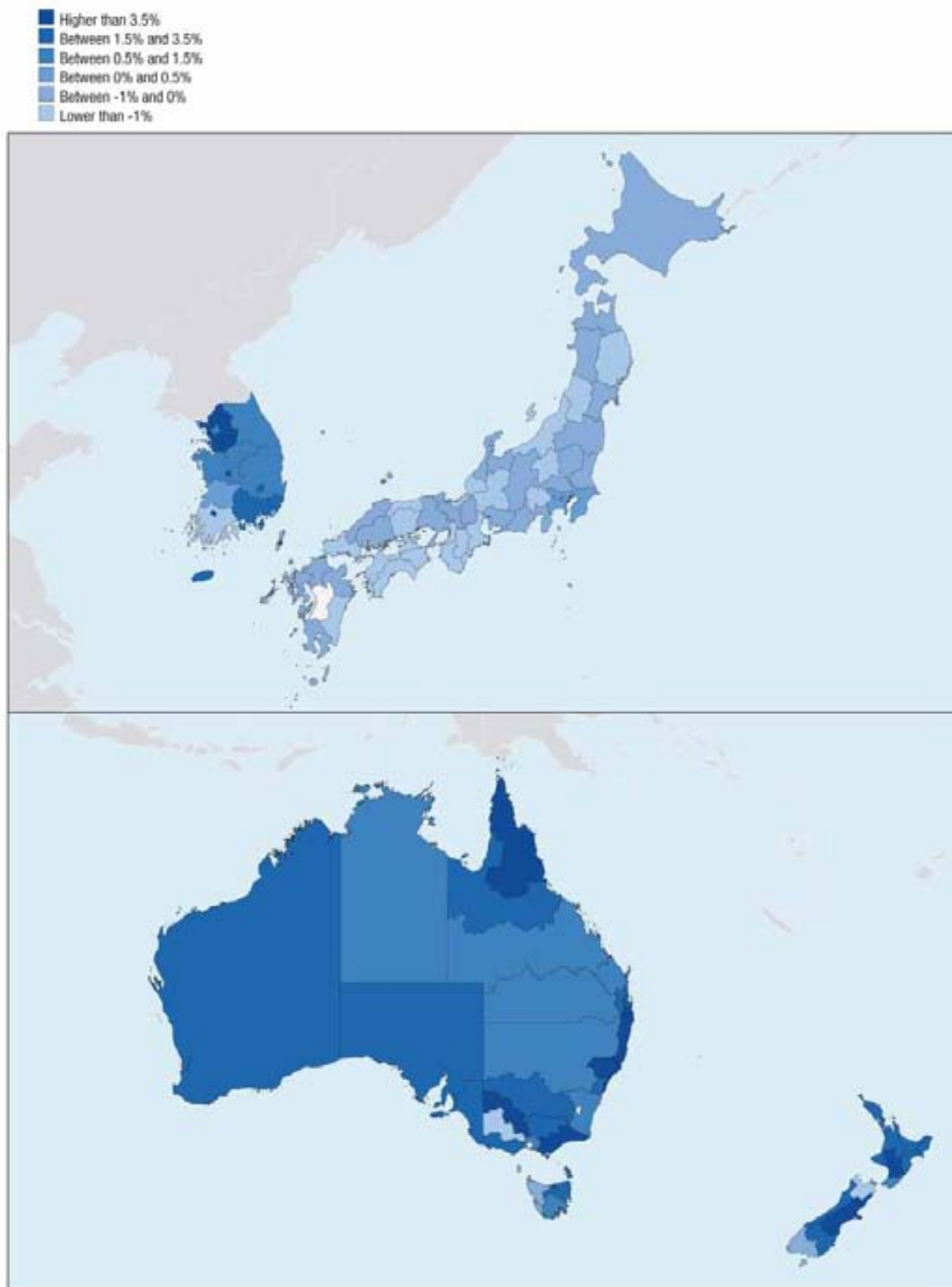
Proportion of decline in national employment due to 10% of regions with the largest decline, 1998-2003 (TL3)




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### 6.5. Regional employment growth: Asia and Oceania

Average annual employment growth rate, 1998-2003

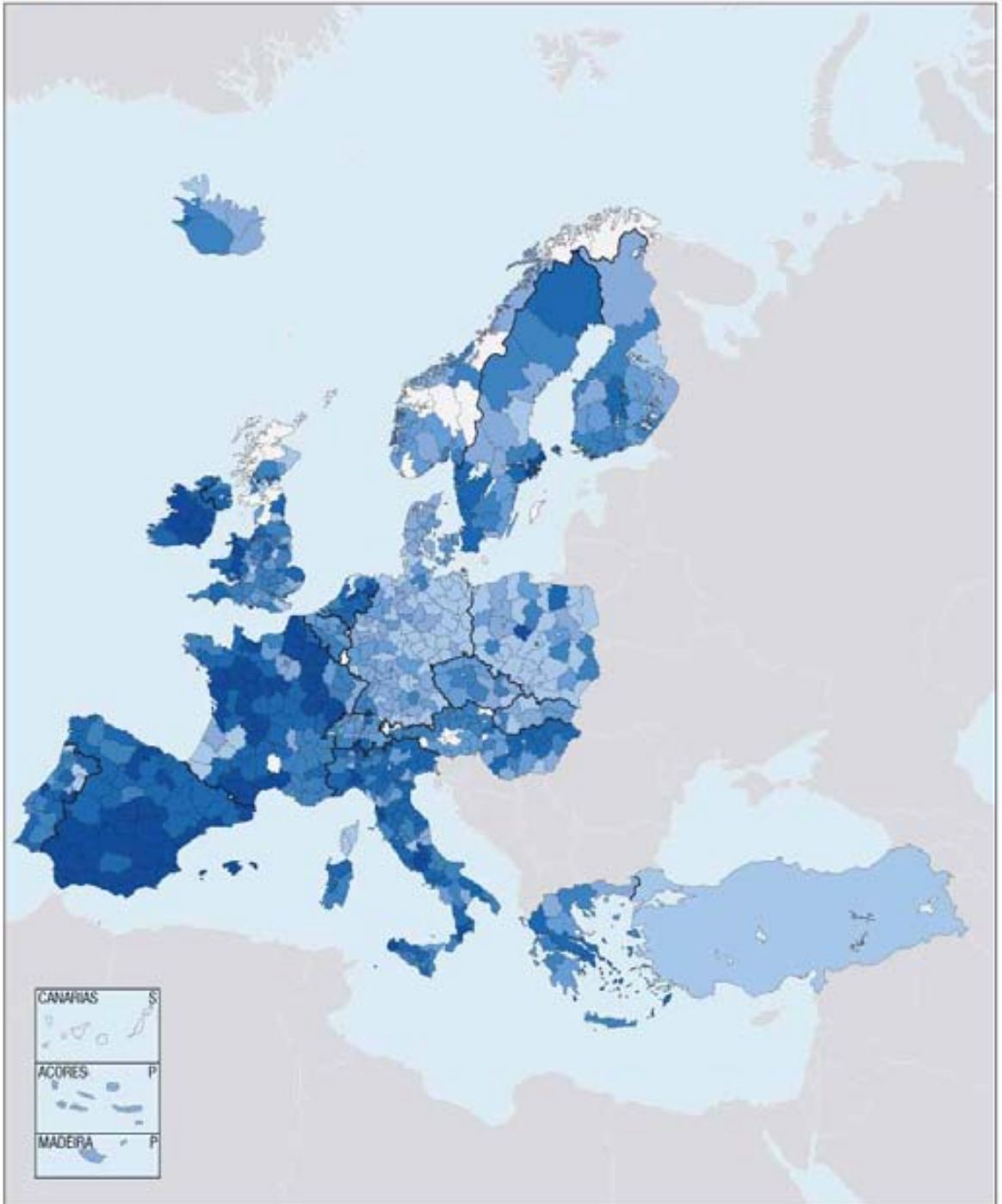


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### 6.6. Regional employment growth: Europe

Average annual employment growth rate, 1998-2003

- Higher than 3.5%
- Between 1.5% and 3.5%
- Between 0.5% and 1.5%
- Between 0% and 0.5%
- Between -1% and 0%
- Lower than -1%

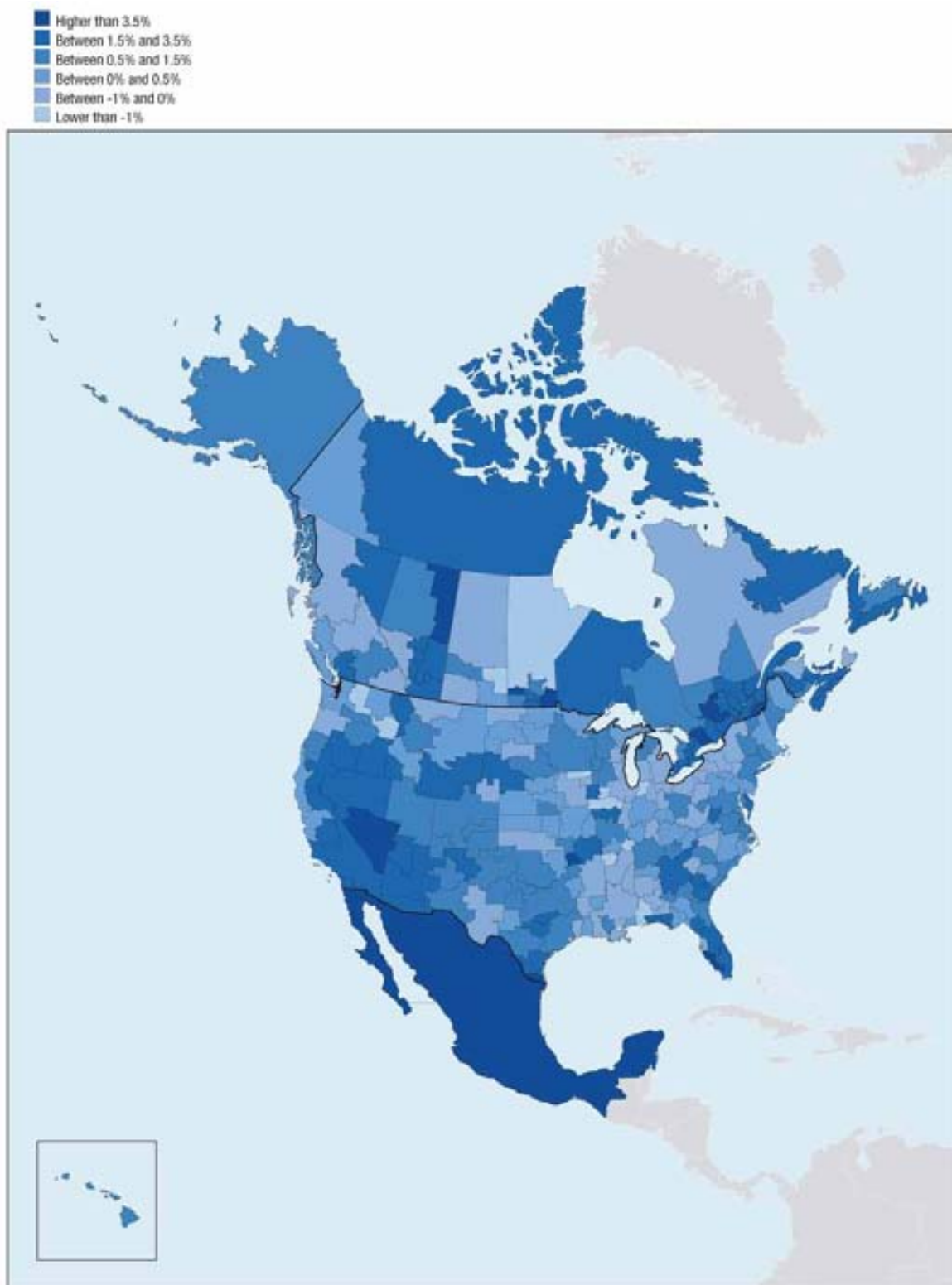



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### 6.7. Regional employment growth: North America

Average annual employment growth rate, 1998-2003



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### Fostering employment growth: a role for rural regions?

The structural change away from agriculture and manufacturing and towards services has produced uneven effects on regions. Traditionally specialised in primary activities, rural regions have been strongly affected by the secular decline in agricultural employment. As a result, economic activity during the last decades has shifted to urban and intermediate regions.

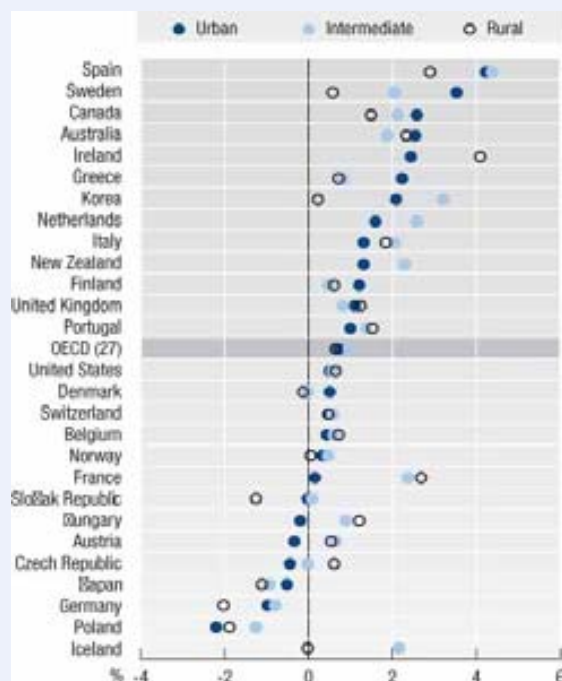
During 1998-2003, average employment growth rates were highest (Figure 6.8) in intermediate regions (0.93%) followed by urban (0.69%) and rural regions (0.64%).

Although average employment growth is lower in rural areas than in intermediate and urban ones, in Belgium, the Czech Republic, France, Hungary, Ireland, Portugal, the United Kingdom and the United States, the highest average employment rate occurred in rural regions (Figure 6.8), while in quite number of countries (12 out of 27), the region with the highest rate of growth in employment was a rural region (Figure 6.9).

This suggests that “successful” rural regions have been able to create employment at a faster rate than “successful” urban ones. Therefore, although rural regions may face difficulties in shifting their specialisation towards more dynamic activities, their potential in terms of employment creation remains significant.

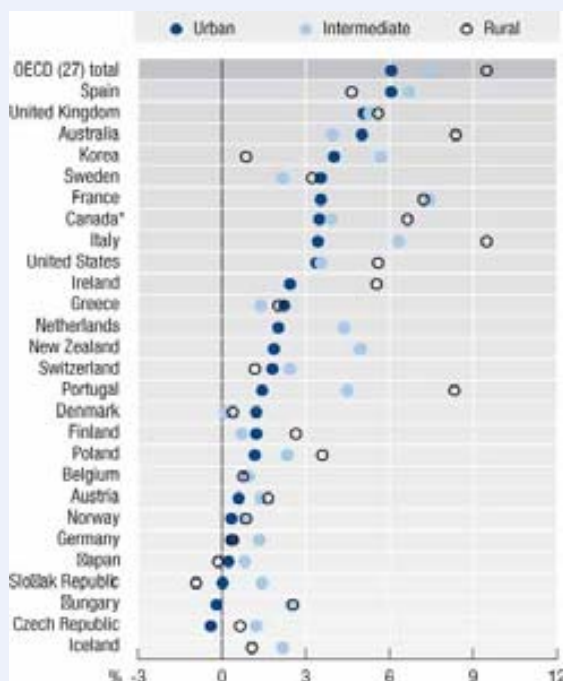
#### 6.8. On average, employment in rural areas grew slower than in urban and intermediate areas,...

Average yearly growth rate of employment by regional type, 1998-2003 (TL3)



#### 6.9. ... but in 9 countries, growth in employment was highest in a rural region

Highest growth rate by regional type, 1998-2003 (TL3)



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## 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

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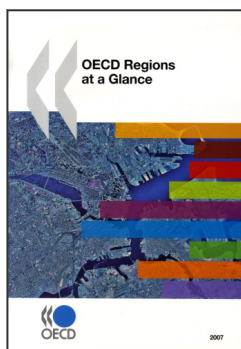
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