



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](#).

Finland¹

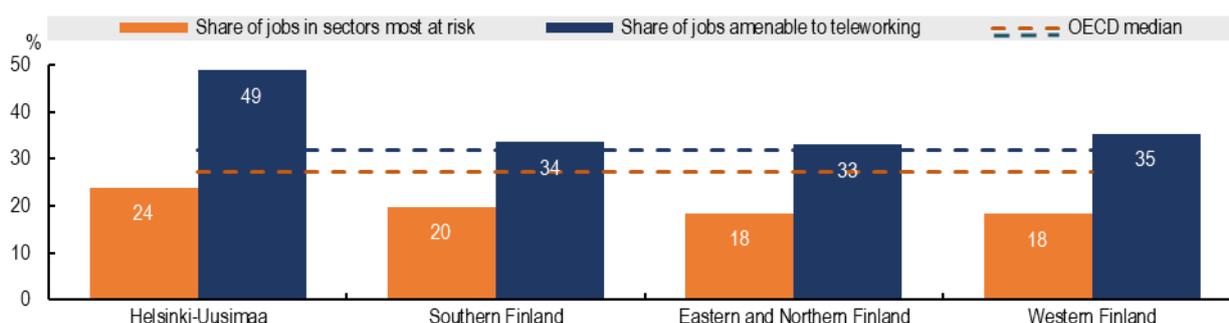
The share of jobs amenable to teleworking in Finland is relatively high. It ranges from 33% in Eastern and Northern Finland to 49% in Helsinki-Uusimaa.

Looking at the decade following the 2008 crisis, only one Finnish region had an unemployment rate lower in 2018 than in 2008

All Finnish regions saw the share of middle-skill jobs decrease between 2000 and 2018. In Western Finland, it decreased by more than 10 percentage points.

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>.

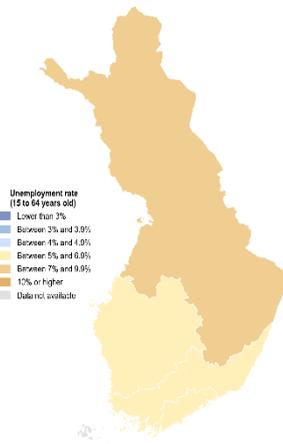
COVID-19 has put unprecedented pressure on local labour markets and economies. The share of jobs in the sectors most at risk from containment measures (e.g. accommodation and food services, and wholesale and retail trade) varies from less than 15% to more than 35% across OECD regions. In Finland, disparities between regions are relatively small: the share of jobs in sectors most at risk ranges from 18% in Eastern and Northern Finland, and Western Finland to 24% in Helsinki-Uusimaa. All regions 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 16 percentage points across regions, from 33% in Eastern and Northern Finland to 49% in Helsinki-Uusimaa.

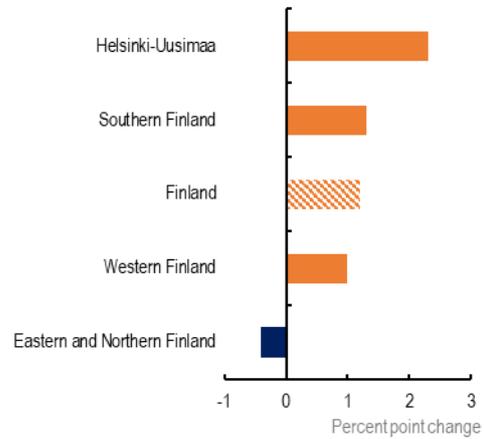
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Local labour market performance prior to COVID-19

Unemployment rate, 2019



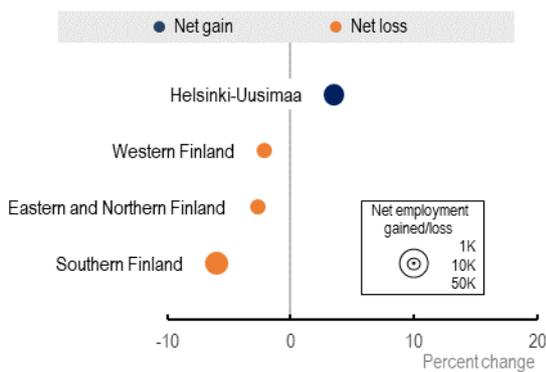
Change in unemployment rate, 2008-2018



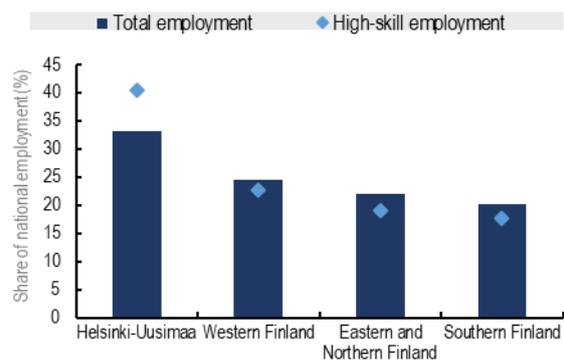
Note: The unemployment rate is computed as the share of unemployed people over the labour force, for the age group 15-64.
 Source: OECD (2020), "Regional labour markets", *OECD Regional Statistics (database)*, <https://doi.org/10.1787/f7445d96-en>.

Before the COVID-19 pandemic, unemployment rates in Finland were generally higher than the OECD average. The unemployment rate varied 1.5 percentage points across regions, from a low of 6.5% in Southern Finland to a high of 8.1% in Eastern and Northern Finland. Looking at the decade following the 2008 crisis, all but one region had an unemployment rate higher in 2018 than in 2008. Regional gaps in unemployment also shrank over this period, but because the unemployment rate increased relatively more in the best performing regions. For example, it increased by 2.3 percentage points in Helsinki-Uusimaa, which had the lowest unemployment rate in 2008 and 2018.

Change in net employment, 2008-2018



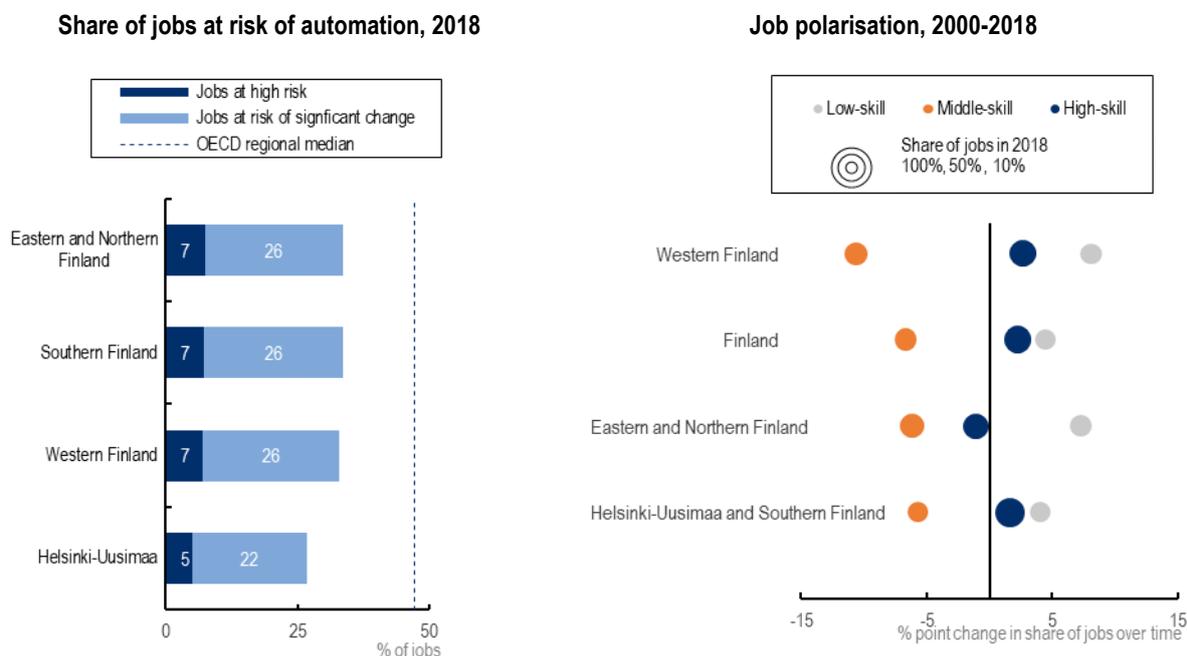
Employment by region and skill level, 2018



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.

Only in Helsinki-Uusimaa did the number of people employed grow between 2008 and 2018. In all other regions, the number of people employed shrank by between 2% and 6%. In 2018, Helsinki-Uusimaa accounted for one-third of all employment in the Finland and roughly 40% of all high-skill employment. Looking at a longer time period (2000-2018), the geographic concentration of jobs (as measured by the number of people employed) increased in Finland, slightly more strongly for high-skill jobs than jobs in general, in line with trends in most OECD countries.²

Local labour market transitions



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 Finland have a lower 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 27% in Helsinki-Uusimaa to 34% in Southern Finland, and Eastern and Northern Finland. The former is the lowest regional value in the OECD.

Following general OECD patterns, in Finland all regions saw the share of middle-skill jobs decrease between 2000 and 2018. The share of middle-skill jobs decreased by more than ten percentage points in Western Finland, representing a net decrease of more than 50 000 middle-skill jobs. Contrary to trends in most OECD countries, the share of low-skill jobs grew relatively more than high-skill jobs over this period in all regions, and in Eastern and Northern Finland, the share of high-skill jobs actually shrank. However, it should be noted that Finnish regions are among OECD regions with the highest share of high-skill jobs, which could help explain some of these patterns.

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.

X	Centralised, including branch offices of national ministry / agency	The Ministry of Employment and the Economy oversees 15 regional centres for Economic Development, Transport and the Environment (ELY centres). ELY centres oversee the Employment and Economic Development Offices (TE offices), which act as the Finnish public employment services and are responsible for all ALMPs in Finland.
	<i>Decentralised to subnational governments</i>	
	<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*; OECD (2020), *Continuous Learning in Working Life in Finland*, Getting Skills Right, <https://doi.org/10.1787/2fcffe6-en>.

Notes

¹ Data is presented at the TL2 level, which typically corresponds to the first administrative tier of subnational government. The Åland Islands have been excluded from this country profile due to limited data availability and reliability. See Reader's Guide of the full report for more information on the methodologies behind the calculations.

² For purposes of comparisons over time, data on trends in geographic concentration of jobs and polarisation are based on Finland's pre-2010 regional classification, in which Helsinki-Uusimaa and Southern Finland were part of a single region.