



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](#).

Sweden¹

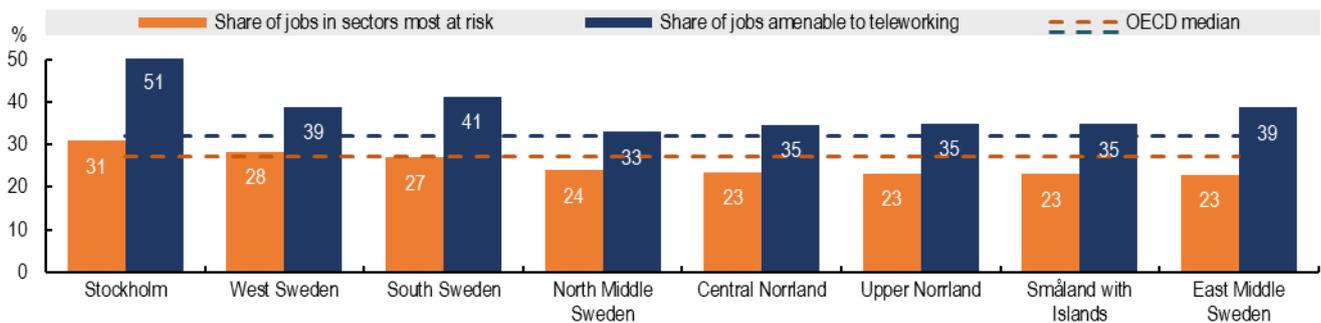
The share of jobs in sectors most at risk from COVID-19 ranges from 23% in Central Norrland, Upper Norrland, Småland with Islands and East Middle Sweden to 31% in Stockholm

Regional gaps in share of jobs amenable to teleworking are relatively large, from 33% in North Middle Sweden to 51% in Stockholm.

All regions saw the share of middle-skill jobs decrease between 2000 and 2018. In two regions, 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>.

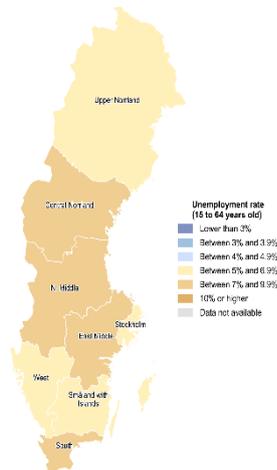
COVID-19 has put unprecedented pressure on local labour markets and economies. The share of jobs in the sectors most at risk from containment measures (e.g. accommodation and food services, and wholesale and retail trade) varies from less than 15% to more than 35% across OECD regions. In Sweden, disparities between regions are relatively small: the share of jobs in sectors most at risk ranges from 23% in Central Norrland, Upper Norrland, Småland with Islands and East Middle Sweden to 31% in Stockholm.

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 18 percentage points across regions, from 33% in North Middle Sweden to 51% in Stockholm.

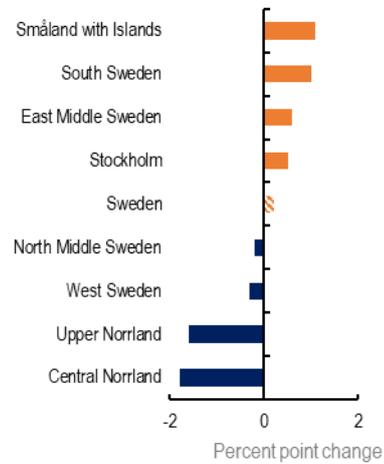
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The potential impacts of COVID-19 on local labour markets

Unemployment rate, 2019



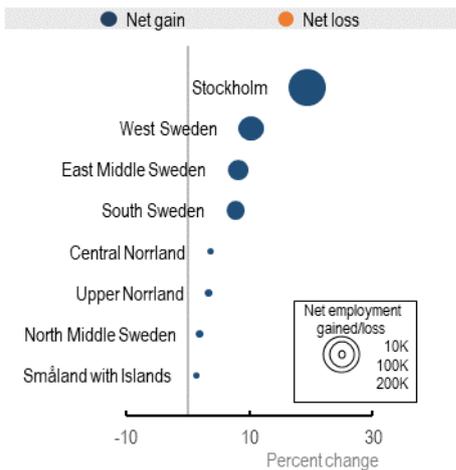
Change in unemployment rate, 2008-2018



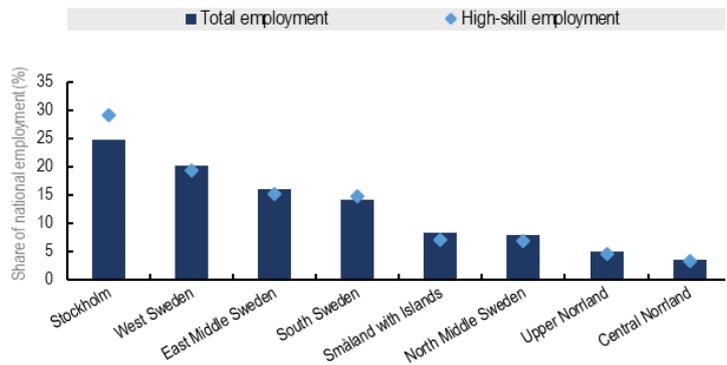
Note: The unemployment rate is computed as the share of unemployed people over the labour force, for the age group 15-64. Source: OECD (2020), "Regional labour markets", *OECD Regional Statistics (database)*, <https://doi.org/10.1787/f7445d96-en>.

Prior to the COVID-19 pandemic, the unemployment rate in Sweden was above the OECD average. Rates varied 3 percentage points across regions, from a low of 6.3% in Stockholm, Upper Norrland and West Sweden to a high of 9.3% in South Sweden in 2019. Looking at the decade following the 2008 crisis, half of regions had unemployment rates lower in 2018 than in 2008. While the best performing region had an unemployment rate around 5.1% in both years (Småland with Islands in 2008 and Upper Norrland in 2018), in 2018, unemployment in the worst performing region increased from 7.6% to 8.6% (South Sweden)

Change in net employment, 2008-2018



Employment by region and skill level, 2018

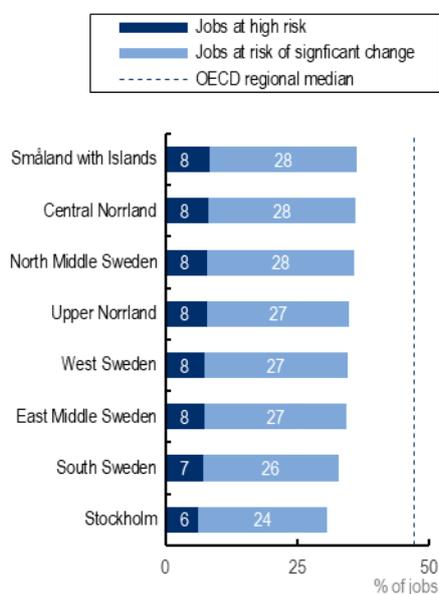


Source: OECD (2020), "Regional labour markets", *OECD Regional Statistics (database)*, <https://doi.org/10.1787/f7445d96-en> and OECD calculations on EU Labour Force Survey.

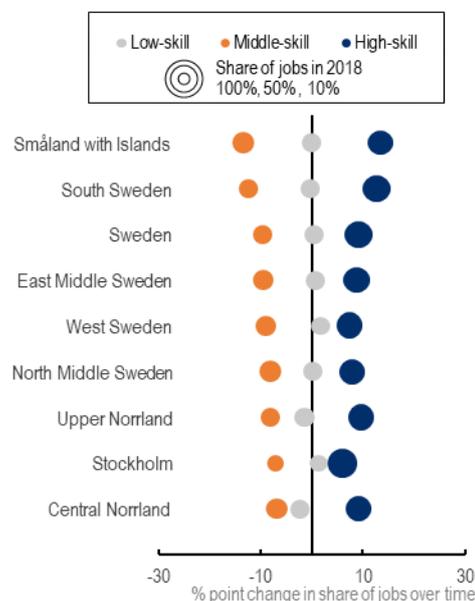
In all regions, the number of people employed grew between 2008 and 2018. Stockholm was responsible for almost half (46%) of net employment growth over this period. In 2018, it accounted for almost a quarter of total employment in Sweden and almost 30% of all high-skill employment. Looking at a longer time period (2000-2018), the geographic concentration of jobs (as measured by the number of people employed) increased in Sweden, but did not change significantly for high-skill jobs.

Local labour market transitions

Share of jobs at risk of automation, 2018



Job polarisation, 2000-2018



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 (2020), *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 Sweden had 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 31% in Stockholm to 36% in Småland with Islands.

Following general OECD patterns, in Sweden, all regions saw the share of middle-skill jobs decrease between 2000 and 2018. The share of middle-skill jobs decreased by 10 percentage points or more in Småland with Islands and South Sweden. This represents a net loss of 30 000 and 25 000 middle-skill jobs respectively. In all 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 supports 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>	In Sweden, the Government is responsible for the design of active labour market policy. The Government also formulates targets for all agencies dealing with labour market policy (including the PES), and the ensuing “Appropriation Directions” form the basis of legally binding operational goals for the budget period. The Public Employment Service is responsible for most active labour market policies, but most municipalities also organise their own programmes aimed at making unemployed recipients of social security benefits self-sufficient. Examples of activities include different types of job seeker activities, internships and job preparation activities.
	<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*.

Notes

¹ 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.