

Rural Pact Conference

15-16 June 2022



Employment Effects of Relocating Central Government Jobs to Rural Areas

The Danish National Strategies for Geographically Balanced Development

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The Policy

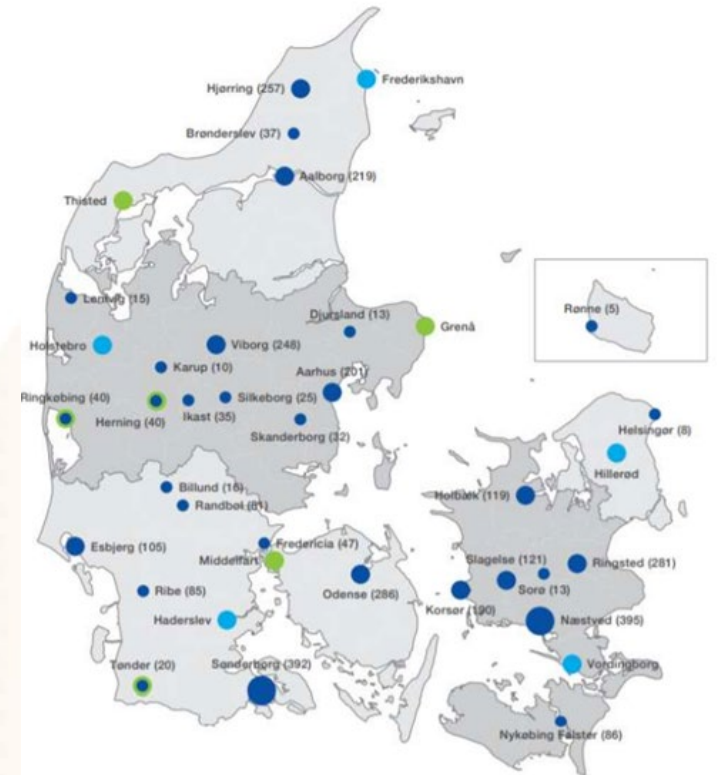
15 years of relocating central government jobs

More than 5,500 jobs have been relocated over more than 15 years as a National strategy ('Bedre Balance' strategies 2015/2018 and earlier relocations).

The policy has in period 2015-2020 followed quite spatially dispersed patterns in the Danish geography.

Relocating jobs will in short-run result in different adjustments moving jobs, recruiting and adjusting organizations.

Focus here is on the long-run effects – what are the long-run employment effects for rural areas to which jobs are relocated?

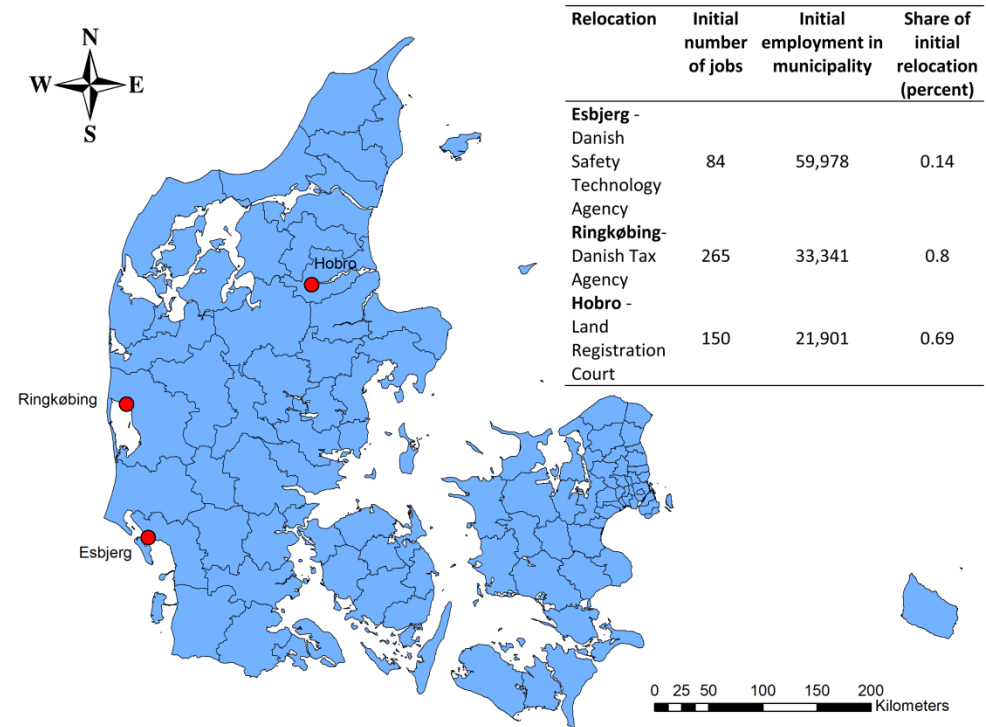


Source: Balance Danmark (2020). Geografisk fordeling af statslige arbejdspladser. Har flytningerne haft en effekt? <http://balance-danmark.dk/wp-content/uploads/2020/11/Analyse-Geografisk-fordeling-af-statslige-arbejdspladser-2020.pdf>

The Policy

Long-run: Focus on early relocations in time

1. **Danish Safety Technology Agency in 2004-2005 to Esbjerg municipality** (Location: Esbjerg): Initially 84 jobs, caveat - Danish county headquarter closing in 2007.
2. **Danish Tax Agency to Ringkøbing in 2005-2007 to Ringkøbing-Skjern municipality** (Location: Ringkøbing): Initially 265 jobs, caveat - Danish county headquarter closing in 2007.
3. **Land Registration Court in 2007-2008 to Mariagerfjord municipality** (Location: Hobro): Initially 150 jobs.



The Policy

Employment effects of relocating jobs?

1. **Multiplicator Effects:** Decentralizing central government jobs to more rural areas can stimulate the local demand for goods and services from private business, which may increase private sector employment.
2. **Crowding-out Effects:** Decentralizing central government jobs increases the demand for labour in the local labour market, which makes recruitment to private sector more difficult, thereby decreasing private sector employment.
3. **Diversity Effects:** Decentralizing central government jobs may make the local labour market more diverse and allow for different types of labour to gain employment locally.

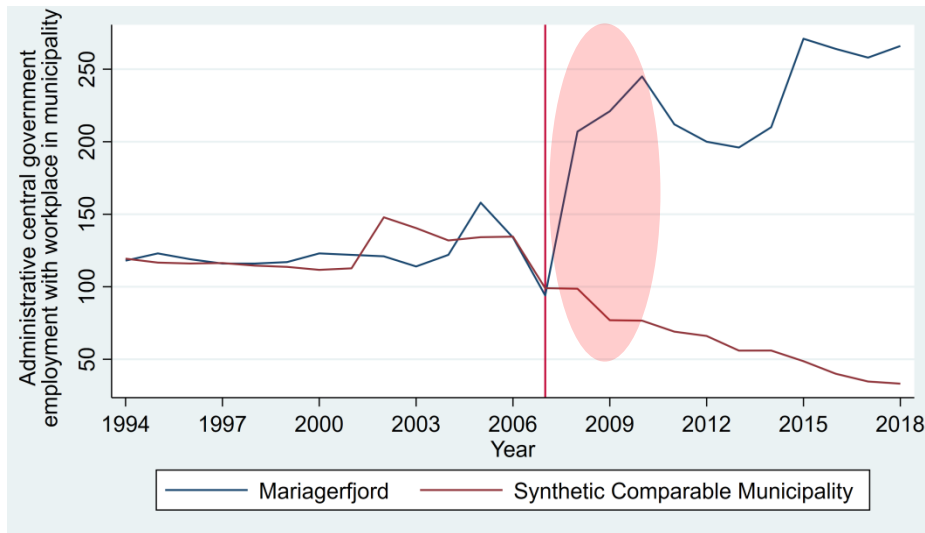


The Impact of Relocation

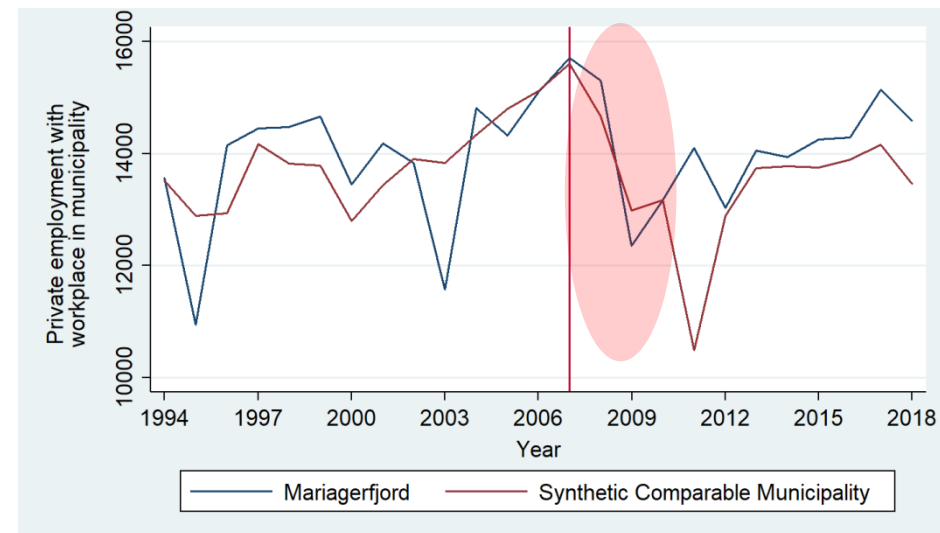
Local area effects – employment by workplace

Multiplicator or Crowding-out Effects dominate? Case Mariagerfjord/Hobro relocating Land Registration Court in 2007-2008. Based on specially designed data from Statistics Denmark and synthetic control method.

Administrative central government employment



Private sector employment



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The Impact of Relocation

The people getting employed - attracting newly educated

Ageing often seen as problem for more rural areas, as young people move away (to get educated).

Is there any signs that diversity in local labour markets has increased from relocating central government jobs?

Based on survey data (18.02.2020-10.03.2020) from Ringkøbing and Esbjerg (translated).

	Danish Tax Authority (percent)	Danish Safety Technology Agency (percent)	N
First job after ending education? (Yes)	30	22	231
If yes: Where did you get your education?			
Ringkøbing-Skjern/Esbjerg Municipality	12	47	61
Capital Region	2	0	61
Region Zealand	0	0	
Region Southern Denmark	17	58	
Central Region Denmark	79	26	
North Denmark Region	2	11	
Abroad	0	5	





The Impact of Relocation

The people getting employed – no other similar job

Often the opportunities of getting different types of jobs is more limited in rural areas due to more specialized/less diverse production structures.

Is there any signs that diversity in local labour markets has increased from relocating central government jobs?

Based on survey data (18.02.2020-10.03.2020) from Ringkøbing and Esbjerg (translated).

	Danish Tax Authority (percent)	Danish Safety Technology Agency (percent)	N
If the Danish Tax Authority/Danish Safety Technology Agency had not been relocated to Ringkøbing/Esbjerg, would you have been able to get a similar type of job in the municipality of Ringkøbing-Skjern/Esbjerg?			
Yes	18	28	231
No	49	53	
Don't know	33	19	





The Impact of Relocation

The statements of people employed

Do people see the relocation of central government jobs as a strenght of the local labour market in creating more diverse structures and providing a sentiment of a more safe choice of working in more rural areas?
Based on interviews undertaken on 29.01.2019 (translated).

“With respect to the part of the labour force with academic qualifications in Esbjerg (.....) there is less risk today to be employed in Esbjerg, as there are now more large employers between which one can change jobs.”

“We have banks here in town and we have administrative jobs. But Vestas has closed down a lot. We had Velux, Velfac, but all their jobs moved 5-10 years ago. Opportunities in local job market are not so large and I think that it is great that these jobs (Danish Tax Authority) remain in town and jobs there grow a bit and are not taken away from town.”

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Conclusion and discussion

Effects of relocating central government jobs

Relocating central government jobs may have important effects in different dimensions:

1. Based on our case(s) we do not see considerable crowding-out of private employment and as such total employment increases.
2. The local labour market may become more diverse in sense of providing opportunities for newly educated (partly locally educated). Institutional contexts could matter in this sense as a wider menu of education programs locally may influence this.
3. The local labour market may become more robust creating new types of jobs and a more varied and dense job market for persons employed in more rural areas.
4. Caveat: More cases and concerns about selectivity in survey.....





Further material and funding

The project has been supported and disseminated by

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More information about workshop, recording, report and other dissemination activities of project see (in Danish):

1. Homepage of Danish Centre for Rural Research at University of Southern Denmark (CRT):

https://www.sdu.dk/da/forskning/forskningsenheder/samf/clf/nyheder_fra_clf/udflytning_af_statslige_arbejdspladser

2. Examples Media:

<https://jyllands-posten.dk/debat/kronik/ECE13128733/hvordan-paavirkes-det-lokale-arbejdsmarked-af-udflytning-af-statslige-arbejdspladser/>

<https://www.tv2fyn.dk/nyheder/04-06-2021/1930/1930-04-06-2021?clip=4129c970-93bd-42b0-8381-37180fe67f11>



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Thank you!