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Titel: Labour market flows in the European Union

Abstract

We use the 2002-2009 EU-LFS to quantify, across ten European countries¹, worker flows in and out of the three labour market states: unemployment, employment and inactivity. In order to compute the flows, given the anonymization criteria across surveys, we rely on the retrospective question that records individuals' relation to activity on the previous year. We decompose the six different flows by gender, education and age in order to identify the demographic groups that are behind each flow. The main stylized facts for the period 2002-2007 show that: (i) Spain is the country that presents higher outflows from employment to unemployment, but also higher inflows to employment from unemployment; (ii) UK and Denmark are countries with high inflows into employment but low inflows out of it; (iii) flows out of inactivity are driven by the young population while the older cohorts are behind flows into inactivity; and (iv) flows into employment come mainly from unemployment (above 50%) in the south European countries, while it is below 30% in the rest of the countries that we analyze.

On a second step, we decompose the aggregate flow by the weight of each population group and its individual hazard rate. Under this analysis, the following main results emerge:

- The Spanish flow from employment to unemployment seems to be driven comparatively by men and women with low levels of education. However, the individual probabilities show that Spanish women, no matter their age or education, are the ones that face a higher probability of losing their jobs, when compare with their European counterparts, while Spanish men are on the European average. Denmark, Germany and UK are instead the countries where women face a comparatively lower probability of flowing from employment to unemployment.
- UK aggregate flow from unemployment to employment was comparatively driven mainly by men but women turn out to be the ones that face a higher individual probability of finding a job when compare to their European counterparts.
- Belgium, Denmark, France and Italy are the countries where unemployed people face a higher probability of becoming inactive. However, we obtain that in Belgium and France the individual hazard is relatively higher for the older cohorts, while in Italy and Denmark the higher incidence is among the youngest population (the female young population in the case of Denmark).

Finally, relying on the availability of 2009 microdata, will be to identify the main changes in flow composition during the crisis and the role that labour market institutions may be playing.

¹ Austria, Belgium, Germany, Denmark, Spain, France, Greece, Italy, Portugal and United Kingdom.