

Employment differences in Europe

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This study examines the factors determining the employment differences across Europe using the microdata of the EU-LFS for the year 2013. The analysis compares the employment circumstances of 27 European countries to a benchmark country. This benchmark country is France because it has nearly average employment rate and its demographic structure is similar to the structure of all other countries. Using the microdata of the age group 15-64 I compute employment probabilities by a probit model. This model uses gender, age and education level attained as explanatory variables. I examine the differences in employment probabilities computed this way by gender, age, level of education and important labour market groups. Then I derive a method to examine the differences in average employment probability based on the individual probabilities. Using this method on the one hand we can decompose the employment gaps and find which groups are determining these gaps, on the other hand we can see which professional status forms, firms, economic activities and demographic groups are the main contributors to high employment.

The average employment probability of the age group 15-64 is the highest in the Scandinavian countries (SE, FI, DK, IS), in the German-speaking countries (DE, AT, CH) and in the Netherlands. These advantages are dominated by the employment effect. In the case of Baltic countries (EE, LV, LT), the Czech Republic and Luxembourg the favourable demographic composition causes a higher average probability than in France. For Scandinavian countries and Baltic countries the advantages relative to France are higher for females, for German-speaking countries and the Netherlands for males. Countries with the highest advantages can be characterised by a general favorable employment situation. These advantages are mainly focused in the age groups 15-24 and 55-64. The countries with the highest employment probability have outstanding advantages on the primary level of education.

The analysis of French non-employed persons shows that in the focus of the employment gap of France is the economically inactive population, especially students and pensioners.

The analysis of employed persons shows that micro and small firms play an important role particularly in the highest employment advantages. In the focus of higher advantages are temporary contracts and part-time jobs. In German-speaking countries temporary contracts while in Netherlands and Scandinavian countries part-time jobs are more determinative. In countries with high advantages the most important employer of the core group is sector G. In Scandinavian countries and in the Netherlands the employment is focused in sector I while in German-speaking countries in sectors C and F. Sector C in Scandinavian-countries is dominant among part time jobs and temporary contracts. In countries with the highest advantages part-time jobs are particularly important from the view of employment of the age groups 15-24 and 55-64. Part-time jobs improve the employment possibilities of females aged 25-39 with a child in Austria. The temporary contracts support mainly the employment of the age group 15-24. In the Scandinavian countries this type of employment also contributes to good possibilities of females aged 55-64.

The lowest employment probabilities characterise the Southern European EU15 countries (IT, ES, GR), some Eastern European new EU member states (HU, PL, SK, BG, RO) and Croatia. The probabilities are lower than in France for Slovenia, Belgium, Ireland and island countries

(CY, MT) too. The bigger gaps compared to France are clearly dominated by the employment effect. The demographic composition of almost all new EU member states is favourable compared to France, however, this can only mitigate the typically high employment effects. The gaps can be typically observed for both genders but the gaps of females are relatively higher. The gaps compared to France are concentrated mainly in the age groups 15-24 and 40-59, notwithstanding in countries with large gaps the disadvantages can be observed in almost all age groups and on every level of education. Larger gaps of the age group 25-39 can be observed in Southern European EU15 countries and Bulgaria. The Eastern and Southern European new EU member countries are typically featured by large employment gaps on the primary education level. In contrast, the gaps of Southern European EU15 countries are focused on the secondary and tertiary level of education. The countries with lower employment probabilities than France are typically characterised by employment gaps of females aged 25-39. The highest gaps can be detected in the Southern European EU15 member countries.

The high employment gap of Greece and Spain compared to France can be proportionally attributed to the unemployed and inactive population. Higher contribution of unemployment can be observed in Slovakia, Bulgaria and Croatia. For the Southern European EU15 member states and Romania the main economically inactive contributors are the groups of persons fulfilling other domestic tasks and students, while for Eastern European new EU member countries students and pensioners.

The analysis of the employed persons in France shows that particularly micro firms play an important role in the employment advantages of France. In the focus of French advantages are temporary contracts and part time jobs. The most important employers in France are sectors Q, G and I. Part time job possibilities characterise people working in sectors N and T too, while temporary contracts are typical in sector C. Part time jobs and temporary contracts in France are particularly important from the view of youth employment. Compared to new EU member states these worker statuses in France contribute to the higher employment of females aged 55-64. Compared to the Southern European EU15 countries part-time jobs in France support the employment of females aged 25-39, mainly those without a child. Temporary contracts compared to Italy and Greek females aged 25-39 without a child.