

Statistics

in focus

POPULATION AND SOCIAL CONDITIONS

THEME 3 - 14/2003

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Labour reserve: people outside the labour force

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Activity rates vary between 60% and nearly 80%

In Spring 2001, the EU activity rate was 69%. It varied between 60% in Italy and nearly 80% in Denmark, Finland, Sweden and outside the Union in Norway while in Iceland it reached 89%. This represents a considerable range, which reflects differences in labour participation among young people, women and older workers. The EU employment rate stood at 64%, varying between 56% in Greece and 70% and over in Denmark, the Netherlands, Sweden, the United Kingdom, Iceland and Norway. To reach the 70% overall employment rate target by 2010, as agreed by the Lisbon Council, people outside the labour force should (re-)enter the labour market and become employed – in addition to the unemployed (see methodological notes). While unemployment data are widely available, the focus in this description is on the people outside the labour force. People outside the labour force make up a pool of additional labour supply. In the Union, almost 17% of the working age population was inactive but has previous work experience while almost 14% had no work experience at all. In most Member States, the relative size of the category of inactive people with work experience was around the EU average. In Greece and Ireland however, only a few people were inactive and had work experience and the proportion of inactive people without work experience was therefore above EU average.

When the pattern of inactivity is compared across Member States, specific categories can be identified outside the labour force in some Member States with a low employment rate, which are relatively larger than in Member States with a high employment rate. The reasons why people in these categories are outside the labour force together with the fact whether they have previous work experience are interesting from a policy point of view. These reasons are education, illness or disability, family responsibilities, retirement or the belief that there are no jobs available. The latter is an exceptional reason for inactivity (0.4% on average in the Union). The main reason depends on age and sex.

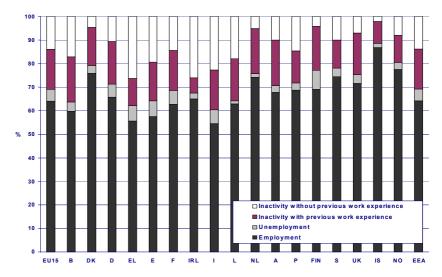


Figure 1: Employment, unemployment and inactivity rates of the working age population, 2001

More than 40% of young people aged 15-24 are outside the labour force, are in education and have no work experience while 3% are in education with work experience

The EU employment rate for young women aged 15-24 is 37% and 44% for young men. In Denmark, the Netherlands, the United Kingdom, Iceland and Norway, over 50% of young women are employed while the employment rate for young men is 2-5 points higher, except in Iceland where there is no gap between young women and men.

The largest category of inactive young people consists of those in education without previous work experience (45% of young women in the Union and 42% of young men). In eight Member States, namely Belgium, Greece, Spain, France, Ireland, Italy, Luxembourg and Portugal, this category is relatively larger than the EU average, although for Portugal, only in the case of young women. In Germany and Austria, this category is just below the EU average. On the contrary, in

Finland (16%), Iceland (10%), Denmark (9%), the Netherlands (6%) and Sweden (4%), the category of young people in education without combining it with a job, but already with work experience is above the EU average and relatively significant. Similarly, in Spain this category is also above the EU average as is the case for inactive young people in education without previous work experience. These cross-country differences are largely institutional.

In the Union, 5% of young women are inactive due to family responsibilities, about half with previous work experience. Only in Finland and the United Kingdom is this category of inactive young women with work experience much larger than that without work experience.

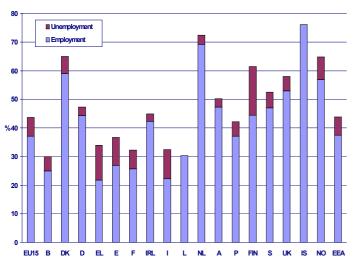


Figure 2: Employment rate and unemployment ratio of young women aged 15-24, 2001

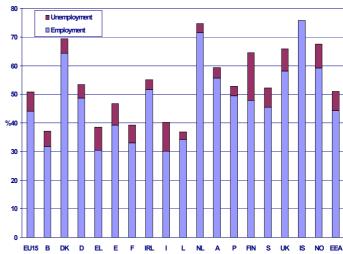


Figure 3: Employment rate and unemployment ratio of young men aged 15-24, 2001

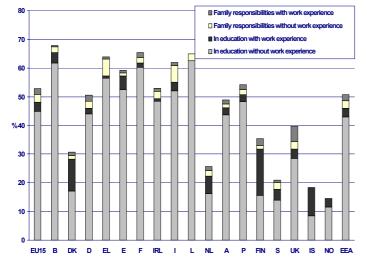


Figure 4: Inactivity rate of young women aged 15-24, 2001

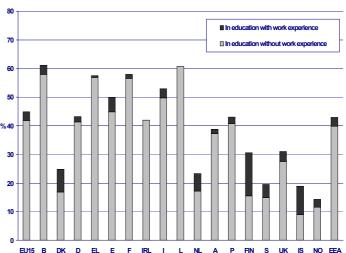


Figure 5: Inactivity rate of young men aged 15-24, 2001



18% of prime-age women are outside the labour force due to family responsibilities

The EU employment rate is 67% for prime-aged women between 25 and 54, which is twenty points less than for prime-aged men. The female part-time employment rate is 22% while the male part-time employment rate is only 3%. In the Nordic countries, the female employment rate exceeds 78% while the gender employment gap is less than 10 points.

In the Union, women with family responsibilities is the largest category of prime-age women outside the labour force. In

Greece, Italy and Luxembourg, over 30% of prime-age women are inactive due to family responsibilities but in the Nordic countries, it is less than 10%. About two in three women who are inactive due to family responsibilities have previous work experience, except in Greece, Ireland, and Italy where most have no work experience. In France, Italy, Luxembourg, the Netherlands, Austria and the United Kingdom, too, the proportion of inactive women due to family responsibilities with work experience is above EU average (11%).

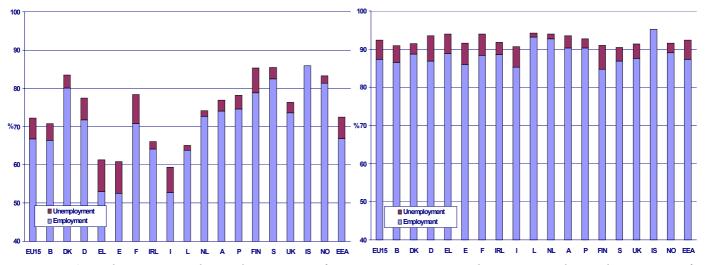


Figure 6: Employment rate and unemployment ratio of prime-age women aged 25-54, 2001

Figure 7: Employment rate and unemployment ratio of prime-age men aged 25-54, 2001

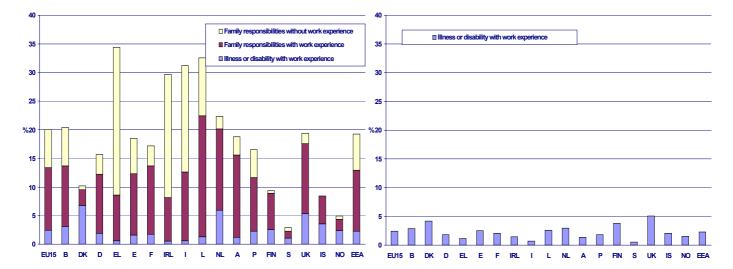


Figure 8: Inactivity rate of prime-age women aged 25-54, 2001

Among prime-age women who are inactive due to family responsibilities, slightly more have primary or lower secondary education than have higher secondary education. Policy making with the aim to increase labour participation of specific categories needs to take into account differences in education. It may be more difficult to increase the labour participation of persons with less than upper secondary education. There are

Figure 9: Inactivity rate of prime-age men aged 25-54, 2001

large differences among Member States. In Spain, Italy and Portugal, most prime-age women who are inactive due to family responsibilities only have primary or lower secondary education but in Germany, Austria, Finland, Sweden, the United Kingdom and Norway, most have at least upper secondary education.



Most prime-age women who are inactive due to family responsibilities are parents with children

Inactivity due to family responsibilities mainly concerns women. A further distinction is made by household composition to describe which household members are looked after. Most prime-age women who are inactive due to family responsibilities belong to two-parent households with children. In Belgium, Greece, France, Luxembourg, the Netherlands and Austria, they can often be the spouse or partner in a two-person household without children while in Spain, Italy and Portugal, they can often be members of multi-generation or extended households (with family members other than parents and their children).

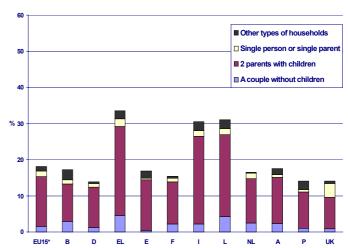


Figure 10: Inactivity rates of prime-age women aged 25-54 in the case of family responsibilities by household composition, 2001 (EU15* excluding DK, IRL, FIN and S)

More than 2% of prime-age people aged 25-54 are outside the labour force due to illness or disability and has work experience

In the Union, more than 2% of prime-aged women and men are inactive due to illness or disability and has previous work experience. In Belgium (3%), Denmark (5%), the Netherlands (4%), Finland (3%), the United Kingdom (5%) and Iceland (3%), this proportion exceeds the EU average. In most countries, illness or disability is mentioned by relatively more women than men with work experience as a reason for their inactivity.

In three Member States with an above average proportion of persons inactive due to illness or disability, namely Denmark, Finland and the United Kingdom, nearly as many women and men have only primary or lower secondary education as have at least upper secondary education. In Belgium and the Netherlands there are more women and men with primary or lower secondary education. This is in contrast with the larger share (about 2/3) of people with at least upper secondary education in the overall prime-age population.

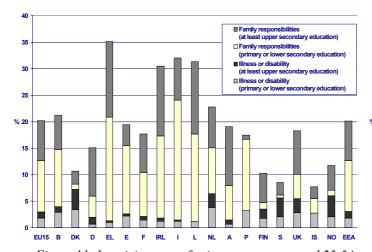


Figure 11: Inactivity rates of prime-age women aged 25-54 by educational level, 2001

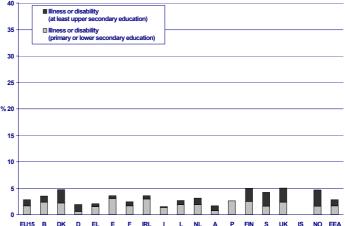


Figure 12: Inactivity rates of prime-age men aged 25-54 by educational level, 2001



32% of people aged 55-64 are inactive in retirement and have work experience

The EU employment rate for people aged 55-64 of 38% is well below the Stockholm target of 50% which is to be reached by 2010. Only in four Member States, namely Denmark, Portugal, Sweden and the United Kingdom, as well as in Iceland and Norway, is more than half of the population between 55-64 working. The EU employment rate for women aged 55-64 is almost 20 points less than for older men (29% compared with 48%). Belgium, Italy, Luxembourg and Austria have low female employment rates (less than 20%) as well as low male employment rates (less than 40%).

The largest category of inactive older people in the Union consists of women and men in retirement with work experience (30% women and 35% men aged 55-64). The mirror image of the low employment rate in Belgium, Italy, Luxembourg and Austria is the above average proportion of the category of retired persons between 55 and 64, although

in Italy and Luxembourg only in the case of retired men. Besides these four Member States, the proportion of this category is also above average in Germany (40% for women and 38% for men) and France (respectively 39% and 53%). In Greece, this is only the case for men (39%).

In the Union, inactive people aged 55-64 in retirement with only primary and lower secondary education (both with and without previous work experience, with only few having no previous work experience) are about as numerous as those with at least upper secondary education. However, there are differences between the Member States. In Denmark, Germany, Austria, Sweden, the United Kingdom and Norway, most inactive people in retirement have at least upper secondary education. These differences reflect the differences in educational level for all people aged 55-64.

21% of women aged 55-64 are inactive due to family responsibilities

Women inactive due to family responsibilities (21%) are the next largest category of women aged 55-64. About half of them have work experience. Luxembourg (29%) and the Netherlands (27%) have the largest proportion of women inactive due to family responsibilities with work experience. In Greece, Ireland, Italy and Luxembourg, the proportion of

women inactive due to family responsibilities without work experience is the highest (29 - 45%). Only one quarter of older women who are inactive due to family responsibilities in the Union have at least upper secondary education. In Denmark, Germany, Sweden and Norway, more than half of them have at least upper secondary education.

8% of men aged 55-64 are inactive due to illness or disability and have work experience

Among men aged 55-64, inactivity due to illness or disability (8%) is the next largest category. Almost all have work experience. In Denmark, Spain, the Netherlands, Finland and the United Kingdom, this category is larger than average (10% and over). Denmark, Spain and the United Kingdom already have a high employment rate of older men while in the Netherlands and Finland, it is around the EU average. The proportion of older women inactive due to illness or disability with work experience is in general smaller than among older men. Only in Denmark, Portugal and Norway is it larger among women.

In the Union, more older men who are inactive due to illness

or disability (both with and without previous work experience, with only few having no previous work experience) have primary or lower secondary education than have upper secondary education or higher. In Denmark, Germany and Norway however, more older men who are inactive due to illness or disability have at least upper secondary education. When these results for this specific category are compared for all Member States with the distribution by educational level for all older men, there are relatively more older men who are inactive due to illness or disability with primary or lower secondary education than among older men in general.



Figure 13: Employment rate and unemployment ratio of women aged 55-64, 2001

Figure 14: Employment rate and unemployment ratio of men aged 55-64, 2001



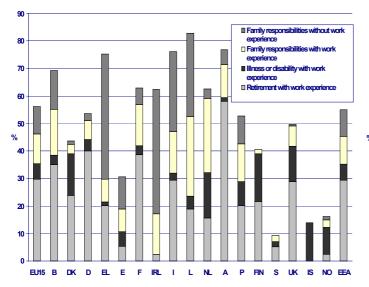


Figure 15: Inactivity rate of women aged 55-64, 2001

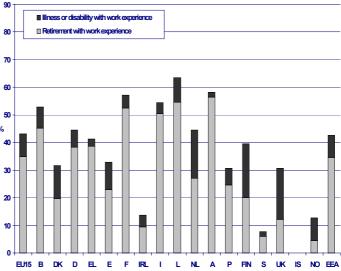


Figure 16: Inactivity rate of men aged 55-64, 2001

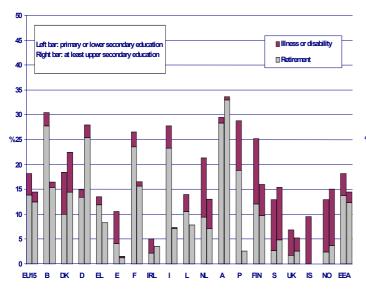


Figure 17: Inactivity rates of women aged 55-64 by educational level, 2001

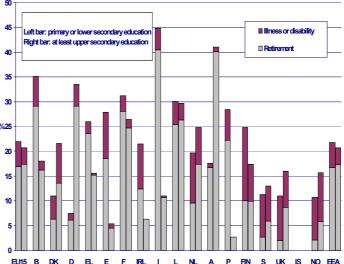


Figure 18: Inactivity rates of men aged 55-64 by educational level, 2001

The inactivity rate decreased by 0.9 points since 1998

The EU employment rate increased by 2.8 points between 1998 and 2001, while the unemployment ratio decreased by almost 2 points. Spain, Ireland, the Netherlands, Finland, Sweden and Iceland witnessed an above average rise of the employment rate. Part of the increase concerned part-time employment, particularly in Belgium, Germany, Luxembourg and the Netherlands. The EU inactivity rate decreased by 0.9 points. The same Member States with an above average rise of the employment rate witnessed the largest decrease of the inactivity rate (1.5 points and more). In Portugal and

Luxembourg, the inactivity rate also decreased by 1.5 - 2.2 points. The inactivity rate in the Member States with the largest decrease of this rate fell mainly for inactive people due to family responsibilities with work experience in Ireland, the Netherlands and Iceland. In Spain, the decrease of this category was also considerable although relatively not the largest. In Finland and Sweden, the largest decline concerned people inactive due to education; in Sweden, they had work experience but not in Finland.



[2001] - [1998]	EU15	В	DK	D	EL	Е	F	IRL	I	L	NL	Α	Р	FIN	S	UK	IS	NO	EEA
Part-time work	0,9	2,0	-1,8	1,6	-0,9	0,6	-0,1	0,8	1,1	1,4	4,5	1,1	-0,3	0,8	-1,0	0,4	-1,4	-0,6	0,9
Employment rate	2,8	2,4	0,5	2,0	0,0	6,7	2,7	5,4	2,7	2,8	4,7	0,4	2,0	5,8	5,8	1,4	3,8	-0,5	2,8
Unemployment ratio	-1,9	-2,0	-0,7	-1,4	-0,4	-5,2	-2,3	-2,5	-1,4	-0,6	-1,6	-1,1	-0,5	-1,7	-3,1	-1,1	-0,9	-0,1	-1,9
Inactivity rate	-0,9	-0,4	0,2	-0,6	0,4	-1,5	-0,4	-2,8	-1,3	-2,2	-3,1	0,7	-1,5	-4,1	-2,7	-0,3	-2,9	0,6	-0,9
Inactive with previous work experience, of which:																			
Family responsibilities	-0,8	-4,8	-0,3	-0,8	-0,7	-1,2	-0,4	-8,2	0,2	0,8	-3,4	-0,5	-0,4	0,5	-0,2	-0,8	-1,2	-0,5	-0,8
In education	0,1	-0,2	-1,5	0,0	0,0	0,4	0,2	-0,4	0,2	0,0	1,1	0,0	0,0	2,9	-5,5	0,2	-0,9	-0,3	0,1
Illness or disability	0,4	-2,8	1,3	-0,1	0,0	2,4	1,5	-0,9	-0,1	-0,4	1,3	0,1	0,0	-0,1	0,2	-0,3	0,2	0,1	0,4
Inactive without previous work experience, of which:																			
Family responsibilities	-0,4	-4,4	0,2	-0,1	0,8	-0,9	-0,2	6,4	-0,9	-2,3	-0,8	0,0	-0,3	-1,0	0,4	0,1	0,0	-0,2	-0,4
In education	-0,2	-11,7	1,7	0,0	0,7	0,2	-0,4	-0,3	-0,7	-0,1	-2,0	0,4	-0,7	-6,0	-0,4	2,5	-1,0	-0,4	-0,2

Table 1: Changes in % points of the employment, unemployment and inactivity rates of the working age population between 1998 and 2001

> ESSENTIAL INFORMATION - METHODOLOGICAL NOTES

Source: the labour force survey is a large sample survey among non-institutional households in the EU. The results refer to Spring. The sample rate varies between 0.3% and 3.3% (5% in L). It provides results not only on labour participation of people aged 15 and over but also on persons outside the labour force.

Definitions: The economically active population comprises employed and unemployed persons. Employed persons are those who during the reference week performed work, even for just one hour per week, for pay, profit or family gain or were not at work but had a job or business from which they were temporarily absent. Unemployed persons are persons aged 15-74 (in E, S and UK 16-74) who were without work during the reference week, were currently available for work and were actively seeking work or who found a job to start later.

The working age population consists of people aged 15-64. The activity and the (full-time/part-time) employment rates are relative to the total population of the age concerned. Although the unemployment rate is normally calculated relative to the economically active population, in this *statistics in focus*, the unemployment ratio is calculated relative to the total population.

Reasons for inactivity are only described when they are mentioned by at least 2% of the people in a particular age and sex category. Consequently, the employment, unemployment and inactivity rates in the figures do not necessarily add up to 100%. The reasons for inactivity may be derived from four variables in a hierarchical order. The reasons why somebody is not seeking employment is the first variable used to determine the reasons for inactivity. In the case of reasons not explicitly mentioned or non-response for this variable, the reasons why somebody could not start to work immediately, the main status and participation in education or training are used in this order.

Educational attainment is defined according to the International Standard Classification of Education 1997 (ISCED 1997). Two levels are distinguished: primary or lower secondary education (ISCED 1 or 2) and at least upper secondary education (ISCED 3 - 6).

Household composition: The data in this analysis refers to "reference person" (i.e. the person in each household who is used in the LFS for identifying relationships between the different household members) and their spouse or partner. A child is the child of the reference person or his/her spouse or partner independent of age.

"Luxembourg process, Lisbon Council, Stockholm target": http://europa.eu.int/comm/employment_social/employment_strategy/index_en.htm

Further analysis of the flow from unemployment into employment: http://europa.eu.int/comm/employment social/employment analysis/employ 2002 en.htm



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NewCronos, Theme 3

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