

# OECD Employment Outlook 2014

## Chapter 1. An Update on the Labour Market Situation - Further Material

The following pages provide supplementary material for the analysis presented in Chapter 1 of OECD Employment Outlook 2014. This material reflects data available as of May 2014.

ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT  
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## ACRONYMS AND ABBREVIATIONS

<b>AUS</b>	Australia	<b>ISR</b>	Israel	<b>CHE</b>	Switzerland
<b>AUT</b>	Austria	<b>ITA</b>	Italy	<b>TUR</b>	Turkey
<b>BEL</b>	Belgium	<b>JPN</b>	Japan	<b>GBR</b>	United Kingdom
<b>CAN</b>	Canada	<b>KOR</b>	Korea	<b>USA</b>	United States
<b>CHL</b>	Chile	<b>LUX</b>	Luxembourg	<b>EU28</b>	European Union
<b>CZE</b>	Czech Republic	<b>MEX</b>	Mexico	<b>EA18</b>	Euro area
<b>DNK</b>	Denmark	<b>NLD</b>	Netherlands		
<b>EST</b>	Estonia	<b>NZL</b>	New Zealand		
<b>FIN</b>	Finland	<b>NOR</b>	Norway		
<b>FRA</b>	France	<b>POL</b>	Poland		
<b>DEU</b>	Germany	<b>PRT</b>	Portugal		
<b>GRC</b>	Greece	<b>SVK</b>	Slovak Republic		

*The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.*

**ANNEXES 1.A2.**  
**RECENT CHANGES IN IN EMPLOYMENT GROWTH PARTLY REFLECT LONGER TERM TRENDS**

Some of the changes in employment rates since the start of the global financial crisis in the last quarter of 2007 may reflect longer term trends in the composition of the population in terms of age, education and gender. For example, population ageing is likely to lower the overall employment rate, while rising levels of educational attainment are expected to increase it. The impact of compositional changes in terms of age, education and gender on the employment gap is shown in Annex Table 1.A2.1. The employment gap is defined as the difference between the OECD employment rate in the last quarter of 2013 and its pre-crisis level in the last quarter of 2007. This gap is decomposed into a “within group” part, which captures the contribution of changes in employment rates for specific population groups to the aggregate change in the employment rate, and a “between group” part which captures the role of compositional changes in the population for the overall employment rate.

Table 1.A2.1. **Decomposition of the overall employment gap since the onset of the crisis**

Q4 2007- Q4 2013

	A. Age Percentage-points change, population aged 15 and over			B. Education Percentage-points change, population aged 25 and over			C. Gender Percentage-points change, population aged 15 and over		
	Employment gap	Within effect	Between effect	Employment gap	Within effect	Between effect	Employment gap	Within effect	Between effect
OECD <sup>a</sup>	-1.7	-0.8	-0.9	-1.6	-2.8	1.2	-1.6	-1.7	0.0
G7	-2.1	-1.0	-1.1	..	..	..	-2.1	-2.1	0.0
European Union	-1.9	-1.0	-0.9	-1.7	-3.2	1.5	-1.9	-1.9	0.0
Euro area (18)	-2.6	-1.6	-1.0	-2.2	-3.7	1.5	-2.6	-2.6	0.0
Australia	-1.7	-1.0	-0.7	..	..	..	-1.6	-1.7	0.0
Austria	0.0	1.1	-1.1	0.3	-0.9	1.2	0.1	0.1	0.0
Belgium	-1.2	-0.2	-1.0	-0.6	-2.2	1.6	-1.1	-1.2	0.0
Canada	-1.8	-0.3	-1.5	-1.3	-2.6	1.3	-1.8	-1.8	0.0
Chile	5.1	6.0	-0.9	..	..	..	5.1	5.0	0.0
Czech Republic	-0.5	-0.1	-0.4	-1.1	-2.7	1.6	-0.5	-0.5	0.0
Denmark	-5.2	-4.1	-1.1	-4.3	-5.3	1.0	-5.3	-5.3	0.0
Estonia	-1.9	-2.0	0.1	-3.0	-4.1	1.2	-2.2	-2.2	0.0
Finland	-3.3	-2.0	-1.3	-3.4	-5.3	1.8	-3.4	-3.4	0.0
France	-1.3	-0.1	-1.2	-1.3	-3.6	2.3	-1.2	-1.3	0.0
Germany	2.8	3.9	-1.1	2.9	1.9	1.0	2.8	2.7	0.0
Greece	-11.0	-10.4	-0.5	-11.4	-13.2	1.8	-10.9	-10.9	0.0
Hungary	1.4	2.4	-0.9	1.2	-1.2	2.3	1.4	1.4	0.0
Iceland	-3.5	-2.7	-0.8	-3.8	-5.1	1.3	-3.6	-3.5	-0.2
Ireland	-8.1	-7.6	-0.5	-6.4	-9.1	2.6	-8.2	-8.0	-0.1
Israel <sup>b</sup>	3.5	3.9	-0.5	2.2	1.0	1.2	3.5	3.4	0.0
Italy	-3.3	-2.6	-0.7	-2.7	-4.2	1.5	-3.2	-3.2	0.0
Japan	-0.9	-0.3	-0.6	..	..	..	-0.9	-0.9	0.0
Korea	0.1	1.3	-1.3	0.0	-1.8	1.8	0.1	0.0	0.0
Luxembourg	1.5	1.9	-0.4	1.6	-2.3	3.9	1.6	1.7	-0.1
Mexico	-0.7	-0.8	0.0	-0.1	-0.8	0.8	-0.7	-1.0	0.3
Netherlands	-2.2	-0.5	-1.6	-1.9	-2.3	0.4	-2.2	-2.2	0.0
New Zealand	-1.4	-0.4	-1.0	..	..	..	-1.4	-1.4	0.0
Norway	-3.0	-2.4	-0.6	-2.6	-3.9	1.3	-3.0	-3.0	0.0
Poland	1.1	2.2	-1.2	0.5	-2.1	2.6	1.2	1.1	0.1
Portugal	-7.7	-7.1	-0.6	-7.6	-9.8	2.2	-7.7	-7.6	0.0
Slovak Republic	-2.0	-1.3	-0.7	-2.2	-4.3	2.1	-2.0	-2.0	0.0
Slovenia	-5.1	-3.8	-1.3	-5.0	-6.8	1.8	-5.0	-5.1	0.0
Spain	-10.0	-9.0	-1.0	-8.8	-10.1	1.3	-9.8	-9.8	-0.1
Sweden	-0.7	-0.7	-0.1	-0.9	-2.0	1.1	-0.7	-0.7	0.0
Switzerland	0.4	0.9	-0.5	0.4	-0.8	1.2	0.4	0.3	0.1
Turkey	4.7	4.7	-0.1	5.1	3.6	1.5	4.7	4.6	0.1
United Kingdom	-1.1	-0.8	-0.3	-0.2	-1.3	1.1	-1.1	-1.1	0.0
United States	-4.3	-2.8	-1.5	-4.1	-4.9	0.8	-4.3	-4.3	0.0

..: Not available.

Note: Figures may not add up due to rounding.

a. OECD is the weighted average of 34 countries for statistics by sex and age groups and of 30 countries (excluding Australia, Chile, Japan and New Zealand) for statistics by education.

b. Q4 2007-Q4 2011 for statistics on education.

Source: OECD calculations based on *OECD Short-Term Labour Statistics* (database), <http://dx.doi.org/10.1787/data-00046-en> and quarterly national labour force surveys.

### ANNEXES 1.A3. HAS THE BEVERIDGE CURVE SHIFTED OUTWARDS?

This annex provides further information on the relationship between unemployment and vacancy rates from 2000 Q1 until the end of 2013 Q4 using Beveridge curves.

Data on job vacancies are publicly available for 24 OECD countries, but are not entirely comparable across countries as they are based on different data collection methodologies and concepts. However, they are suitable for Beveridge curve analyses that explore country-specific relationships between unemployment and job vacancy rates over time. Full details on the sources and definitions of vacancy data are provided in Annex Table 1.A3.1.

Annex Figures 1.A3.1 to 1.A3.3, respectively, document the actual Beveridge curve as well as two alternative versions of the Beveridge curve. The first alternative is a *short-term* Beveridge curve which is used to assess to what extent changes in the incidence of long-term unemployment may be associated with shifts in the Beveridge curve. The short-term Beveridge curve is constructed by using the number of persons unemployed for less than a year as a share of the labour force instead of the overall unemployment rate. The second is a *counterfactual* Beveridge curve that keeps the unemployment-inflow rate constant at its initial level, following the approach used in Elsby et al. (2014). The idea is to net out any vertical shifts in the Beveridge curve due to changes in the unemployment inflow rate.<sup>1</sup>

An outward shift in the Beveridge curve implies that a given number of vacancies is associated with a higher level of unemployment and that is more difficult for unemployed jobseekers to find suitable job vacancies (and for firms to fill existing vacancies with qualified jobseekers). This may therefore provide an indication of the reduction in matching efficiency.

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1. This is done by first noting that in the steady-state the change in the vacancy rate  $v$  as a result of a change in the unemployment-inflow rate  $\lambda$  for a given level of unemployment can be represented by  $1/(1-\alpha)$  where  $\alpha$  represents the elasticity of the matching function with respect to unemployment. Keeping the unemployment-inflow rate constant at its initial level, an adjusted vacancies series is constructed that nets out the impact of changes in the unemployment-inflow rate on the vacancy rate using:  $\tilde{v}_t = v_t(\lambda_t/\lambda_0)^{-1/(1-\alpha)}$  while assuming a value of one half for the matching elasticity.

Table 1.A3.1. Job vacancy statistics: sources and definitions

	Source	Definition	Reference date and time period	Scope and coverage	Breaks in series	Remarks
Australia	Job Vacancies based on the quarterly Job Vacancies Survey (JVS). ABS, Cat. 6354.0: <a href="http://www.abs.gov.au/ausstats/abs@.nsf/mf6354.0">http://www.abs.gov.au/ausstats/abs@.nsf/mf6354.0</a> .	A job vacancy is defined as a job available for immediate filling and for which recruitment action has been taken by the employer.	Quarterly data refer to the third Friday of the second month of the quarter.	Data on vacancies are derived from a monthly survey of 4 600 employers. All wage and salary earners who received pay for the reference period are represented in the Job Vacancies Survey (excl. Armed forces, Agriculture, forestry and fishing, Private households and International organisations). Data cover the whole country and the public and private sectors.	Data for Q3-2002 have been compiled according to a new statistical infrastructure. To ensure comparability over time, historical data have been revised back to Q4-1983. The survey methodology was revised in August 1999. Data prior to that period have been adjusted to make a comparable and compatible time series.	As a result of these changes, there was an increase in job vacancy estimates for the private sector.
Austria	Austrian Institute of Economic Research. Statistics are collected on-line from the 110 employment offices and branches in the different regions of the country.	Unfilled vacancies. Data refer to vacancies notified by firms to employment agencies which remain unfilled at the end of the month.	Monthly data refer to the end of the month. Quarterly data are averages of monthly figures.	Data cover the whole country.		
Czech Republic	Ministry of Labour and Social Affairs (MLSA). Data are collected from 76 local labour offices located throughout the country.	Unfilled vacancies. Data refer to the number of jobs vacant for immediate filling, notified to the local labour offices and remaining unfilled on the day of the count. Full-time, part-time and seasonal jobs are all covered.	Monthly data refer to the end of the month. Quarterly data are averages of monthly figures.	Data cover the whole country.		
Estonia, Greece, Italy, Netherlands, Portugal, Slovak Republic, Slovenia, Spain, Sweden and the United Kingdom	Eurostat Job Vacancy Survey ( <a href="http://epp.eurostat.ec.europa.eu/portal/page/portal/labour_market/job_vacancies">http://epp.eurostat.ec.europa.eu/portal/page/portal/labour_market/job_vacancies</a> )	Job vacancy is defined as a post – newly created, unoccupied or about to become vacant – for which the employer (i) is taking active steps to find a suitable candidate from outside the enterprise and (ii) intends to fill either immediately or in the near future.	Last day of the reference quarter.	Total economy and all firm size for Estonia; all industries excluded household and extraterritorial activities (NACE Rev.2. industry codes A to S) for all firms for the Netherlands, the Slovak Republic, Slovenia and Sweden; non-agricultural industries excluded household and extraterritorial activities (NACE Rev.2. industry codes B to S) for all firms for Greece, Ireland, Portugal, Spain and the United Kingdom; and the same industry coverage as previously listed for firms with 10 employees or more for Italy.	Data refer to industry classification NACE Rev. 1.1 until 2008 and NACE Rev. 2 afterwards. Other breaks: Q3 2012 for Denmark; Q1 2010 for Portugal; Q1 2010 and Q1 2013 for Spain. Breaks for Spain and Portugal have been removed to ensure time-series comparability.	Internal job openings are included in the survey but excluded from job vacancy data reported here. Data for Italy are estimated using the job vacancy rate and the number of jobs from the national accounts.
Finland	Public Employment Service (PES). Data are from the regular count of administrative data at the public employment services.	Unfilled vacancies. Data refer to vacancies reported to the public employment services which had not been filled at the end of the month.	Monthly data refer to end of the month. Quarterly data are averages of monthly figures.	Only those vacancies noticed to the public employment services are covered.		
France	Data are compiled by DARES of the Ministry of Labour and Social Affairs using information collected by Pôle Emploi and former Agence Nationale pour l'Emploi (ANPE).	New job vacancies. The data refer to the number of new vacancies registered during the month at the Pôle emploi.	Quarterly data are averages of monthly figures.	They include permanent, fixed-term and temporary contracts, even those of less than one month and cover both private and public sectors.		
Germany	Data are collected by employment agencies.	Unfilled vacancies. Data refer to vacancies for jobs of 7 days' duration or more reported by employers to employment agencies to be filled within 3 months and remaining unfilled at the end of the month.	Monthly data refer to end of period. Quarterly figures are monthly averages.	Full- and part-time vacancies are included (vacancies for home work are considered part-time). Vacancies not notified to the public employment agencies are excluded.	Data refer to unified Germany from September 1990 and western Germany prior to this date.	
Hungary	Ministry of Labour from local Labour Offices.	Unfilled vacancies. These data refer to vacancies notified to local Labour Offices and then to the Ministry of Labour.		Vacancies for managerial posts and those requiring a high level of education are generally not reported.		
Japan	Bureau of Employment Security.	New job vacancies. The data refer to the number of new vacancies registered during the month at the Bureau of Employment Security.	Quarterly data are averages of monthly figures.			

Table 1.A3.1. Job vacancy statistics: sources and definitions (Cont.)

New Zealand	Jobs Online from the Department of Labour ( <a href="http://www.dol.govt.nz/publications/jol/">http://www.dol.govt.nz/publications/jol/</a> ) for recent data completed backward using the following sources: ANZ JOB ADVERTISEMENTS, SEEK New Jobs Ads Posted Index and the Job Vacancy Monitoring Programme (JVMP) from the Department of Labour (Dol).	All job ads from major internet job boards are used to build a job vacancy index so-called All Vacancies Index (AVI). Jobs Online indicator brings together job vacancy information from the major internet job boards, maximising the information value of the data they hold to create new labour market statistics without an increase in respondent burden or compliance costs.	Quarterly data are averages of monthly figures.	Data cover the whole country.		Index base 1 in May 2007.
Norway	Public employment services.	Unfilled vacancies. Data refer to vacancies notified to the public employment services and remaining unfilled at the end of each month.	Monthly data at the end of each month. Quarterly averages are monthly averages.	Data cover the whole country.	The break in May 2001 is explained by a change in procedures in which the registrations of vacancies took place (source AETAT). Changes caused under registrations. Other break in December 2011.	Those vacancies that do not come to the attention of the public employment service are excluded.
Poland	Labour Offices.	Unfilled vacancies. The number of job vacancies refers to offers placed in Labour Offices at the end of the month.	Monthly data at the end of each month. Quarterly data are monthly averages.	Data cover the public and private sectors.		
Switzerland	Data are from STATEM an employer based job survey covering 62000 establishments	Job vacancies are defined as job positions – newly created, unoccupied or about to become vacant – for which the employer (i) is taking active steps to find a suitable candidate from outside the enterprise and (ii) intends to fill either immediately or in the near future.	Quarterly data at the end of the last month of the quarter.	Secondary and tertiary sectors (excluding primary sector and domestic work).	New procedure for non-missing response since Q2 2007.	
Turkey	Vacancies are notified to the Labour Placement Office.	New job vacancies. Data refer to new vacancies notified during the month by employers.	Quarterly data are averages of monthly figures.			
United States	Job vacancy statistics from the Job Openings and Labour Turnover survey (JOLTS). The data are collected and compiled monthly from a sample of business establishments by the Bureau of Labor Statistics (BLS).	A job opening requires that: 1) a specific position exists and there is work available for that position, 2) work could start within 30 days regardless of whether a suitable candidate is found, and 3) the employer is actively recruiting from outside the establishment to fill the position. Included are full-time, part-time, permanent, short-term, and seasonal openings. Active recruiting means that the establishment is taking steps to fill a position by advertising in newspapers or on the Internet, posting help-wanted signs, accepting applications, or using other similar methods.	Establishments submit job openings information for the last business day of the reference month. Quarterly data are averages of monthly figures.	The JOLTS program covers all private nonfarm establishments such as factories, offices, and stores, as well as federal, state, and local government entities in the 50 States and the District of Columbia.		

Figure 1.A3.1. The actual Beveridge curve

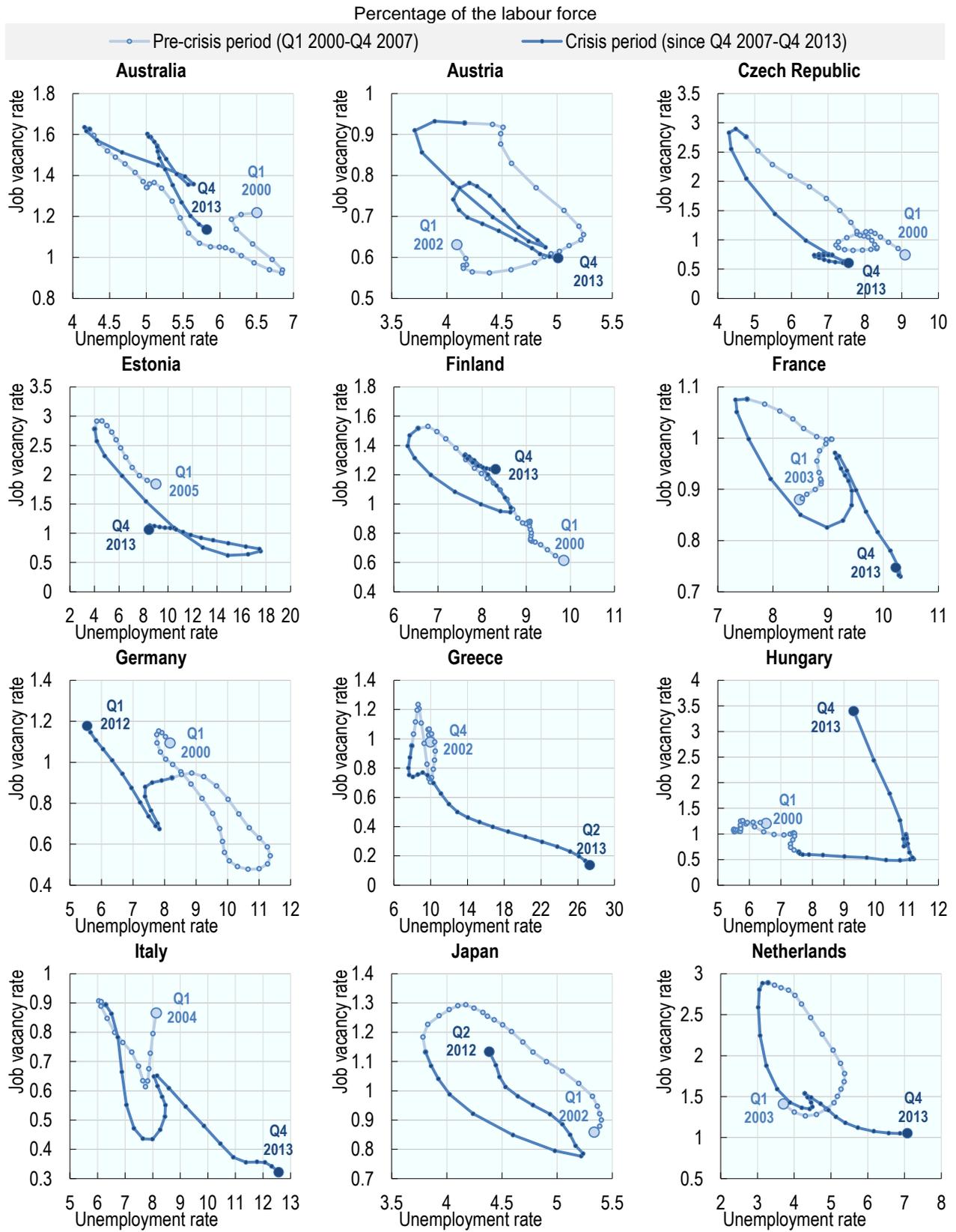


Figure 1.A3.1. **The actual Beveridge** (Cont.)

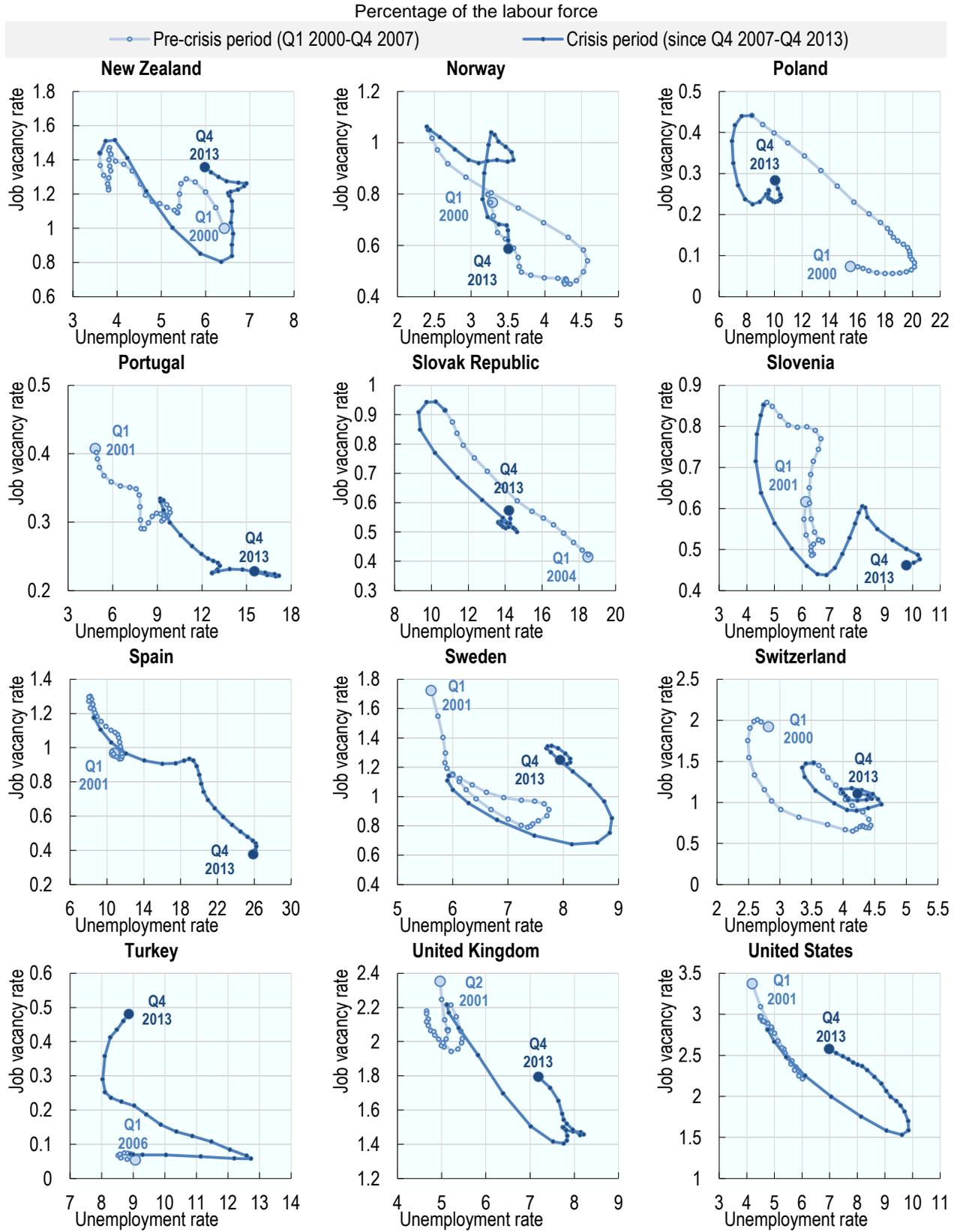


Figure 1.A3.2. The short-term Beveridge curve

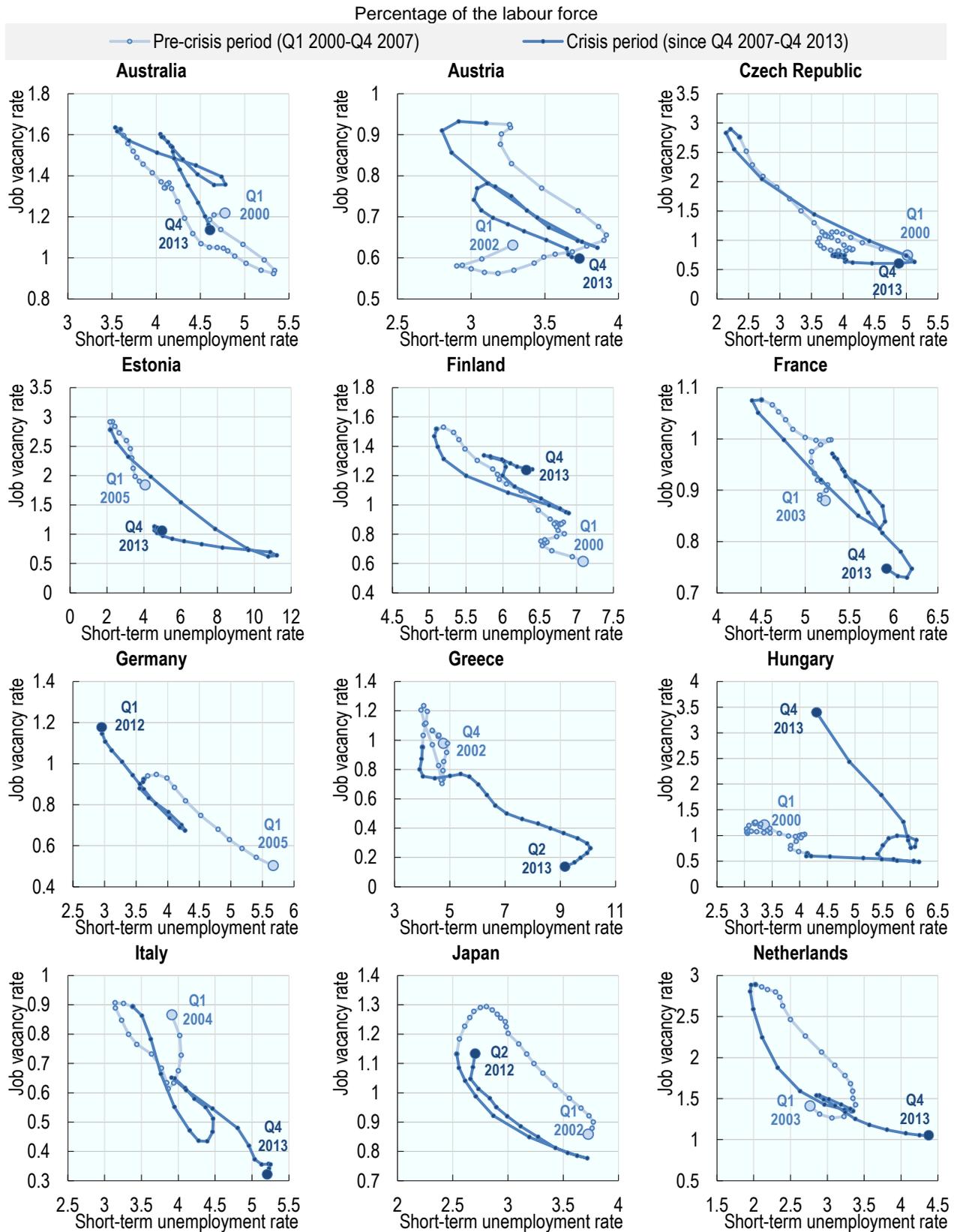


Figure 1.A3.2. The short-term Beveridge curve (Cont.)

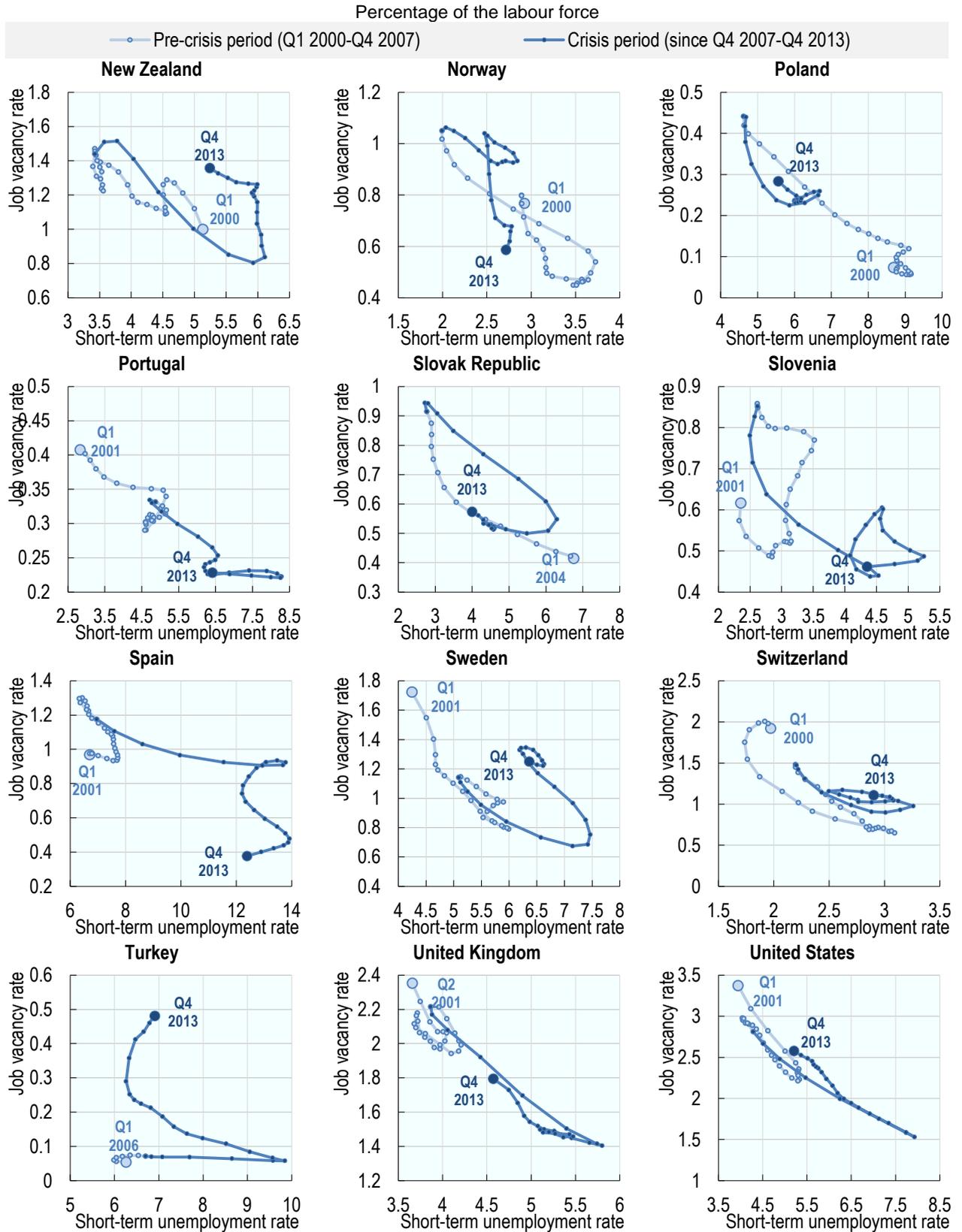


Figure 1.A3.3. The counterfactual Beveridge curve

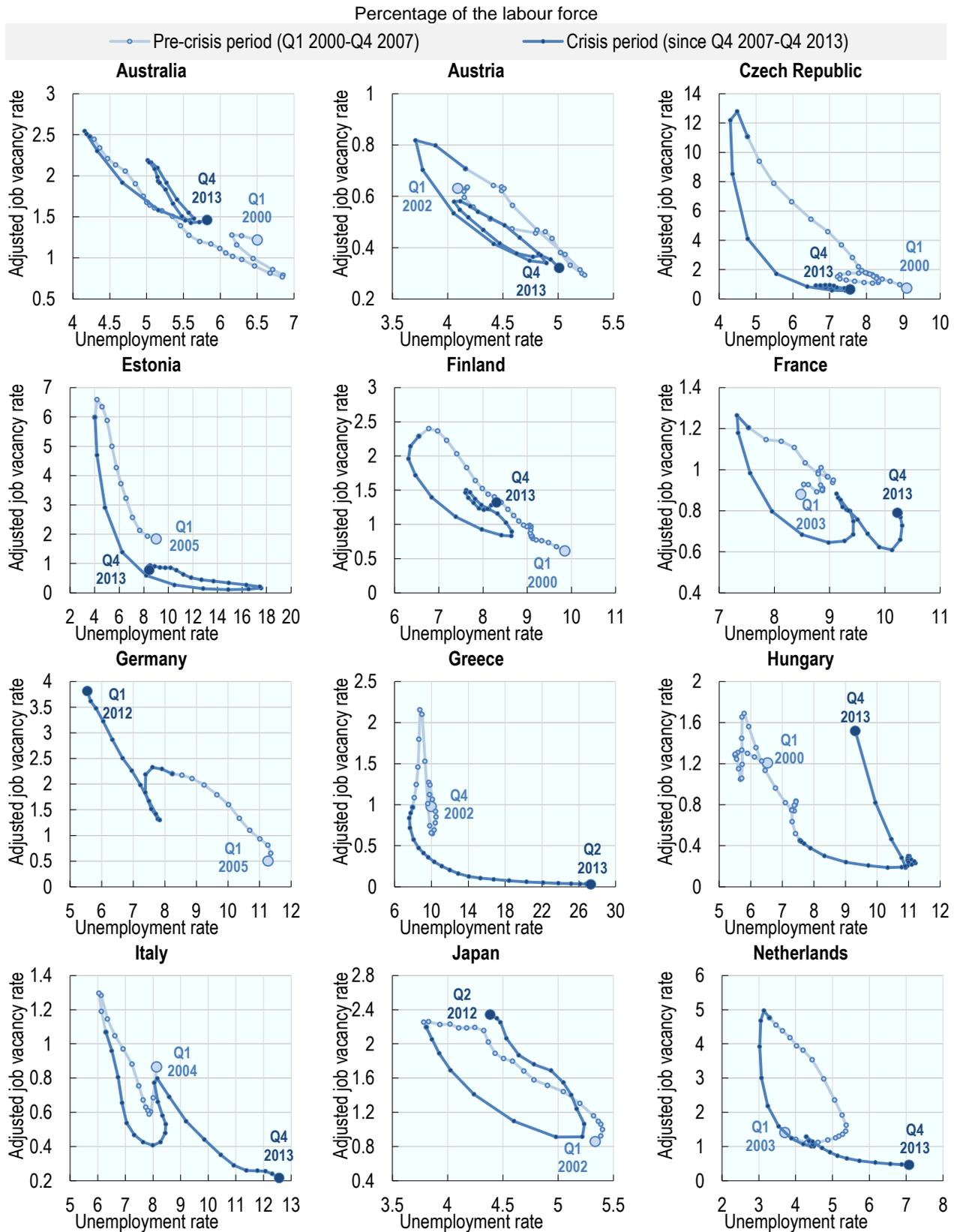
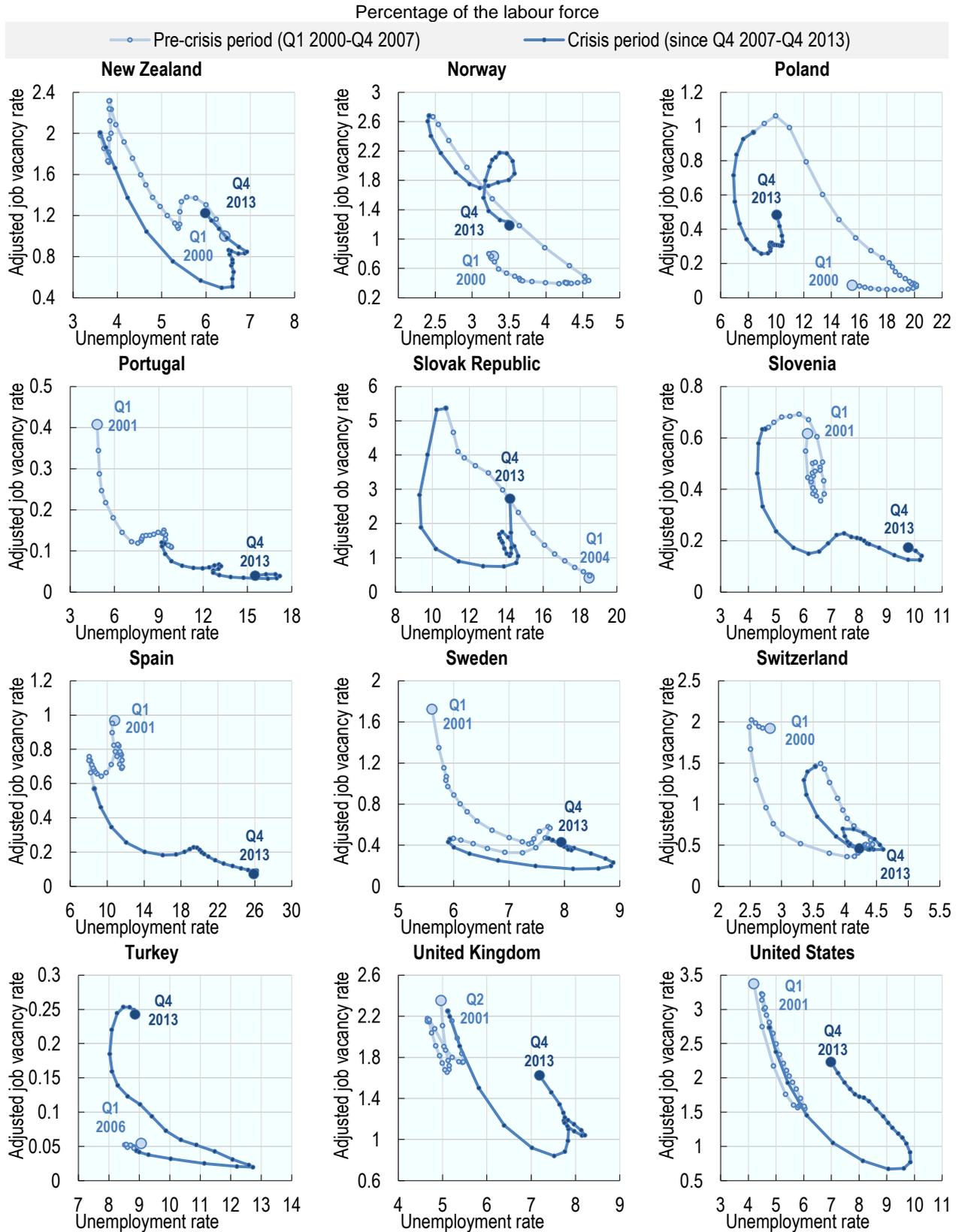


Figure 1.A3.3. The counterfactual Beveridge curve (Cont.)



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