

## STATISTICAL OVERVIEW OF EMPLOYMENT BY ECONOMIC ACTIVITY AND PROFESSIONAL STATUS IN EU

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### **ABSTRACT – Statistical overview of employment activity and professional status in EU 27**

RuralJobs is a collaborative research project partly funded under the European Commission Research and Development 7<sup>th</sup> Framework Program (FP7). It involves partner institutions from eight Member States. University of Debrecen is the coordinator. RuralJobs quantifies labour market, demographic and economic trends, and the impact of employment creation measures and policies in six, representative “reference areas” across the EU, and uses the information to demonstrate how rural development measures can be better targeted and how rural development policies should evolve. The Eurostat database was chosen as the main source of information for statistical analysis. Taking into account rurality the regions were divided into three groups: predominantly urban regions (PU), intermediate regions (IR) and predominantly rural regions (PR). Knowing the employment characteristics in EU regions contribute to common understanding of the processes on the labour market that is the basis of the formulation of new, efficient strategies of employment. Tendencies of employment by economic activity and profession features are analysed to initiate suggestions of employment development.

**Keywords:** employment, self-employment, family worker, age group, sector

### INTRODUCTION

There are many preconditions of employment development. Labour market mobility was greatly related to institutional developments in Great Britain for two decades previous to 2002 nevertheless employment had been increasingly tied to economic development (HILLMERT, 2002). Studying the regions of the EU to compare the employment of economically advanced and underdeveloped areas similar conclusion can be drawn since prosperous regions have higher employment status than economically stranded areas.

FALZONE (2000) states part time employment as a transition between non-employment and full-time employment or as an alternative to full employment. Part time employment can be a viable solution for married women with young children to build a carrier and to be a devoted family member.

Women’s employment is becoming growingly important the reason is not only to reach the desirable equal work – equal payment idea but there are many practical issues as well that force females to be employed. HOLST AND SCHUPP (2001) found that employment of women in Germany has become more important recently because of more single-person households and high divorce rates. Even in married-couple households women’s earning is a significant part of the family budget in many German families. It was difficult for women to get a job in the well developed Western regions but the situation was “persistently precarious” for women of economically less developed Eastern regions.

Part time employment can be a necessity for many groups of people who can not undertake full employment. In the USA APPELBAUM (2003) diagnosed the following reasons to have

a part time job: to create balance between work and personal life, young couples can not leave on one income, baby-boomers responsibility for young children and ageing parents, and increased investment for retirement. According to the study increasing number of American people wants work in good-quality part-time jobs. Appelbaum criticises the lack of public policies that back up high-quality, part-time employment and the existing situation where part time employees depend on the goodwill of the employer and in reality part time employees are in a much worse position than their full time associates.

Many research results have established that employment pattern is changing through age groups and gender. Employment rates of youth and elderly are lower than the employment rate of prime-aged people. Employment rate of prime-aged women is generally lower than employment rate of prime-aged men. Examining labour market institutions and demographic employment patterns using data from 17 OECD countries BERTOLA ET AL. (2007) found that the above mentioned labour market pattern was affected by unionization. They stated that unionization increased the differences in employment ratios amongst the age groups and between men and women.

In many European countries subsidised employment is a mean to increase the number of working population however exact researches to investigate the results of this kind of programmes are rare. In the Netherlands subsidised employment programmes were highly promoted by the policy in the decade of pre-2003. According to the research of JONGEN ET AL. (2003) employment subsidies made a little positive effect on the employment in the private sector and a more positive effect on the employment in the public sector increasing the employment in both sectors. However because the big number of regular employment leavers, overall employment decreased. The research team remarked that the effect of employment subsidies on aggregate and individual level can be quite different and the fast growing expenditures on employment subsidies necessitate the promotion of empirical researches of this area.

A specific type of employment is the Australian causal employment where the employee receives a significantly higher income than a permanent full time employee but causal workers lack the benefits. This type of employment is often a transition stage between unemployment and permanent full-time employment and it is a flexible form of employment. Despite the advantages various sources of insecurities are involved in the causal employment system that should be reduced (BURGESS ET AL. 2008).

In rural areas small businesses may be a plausible solution of employment growth. Taking samples of more than 2000 counties in the USA SHAFFER (2006) established that the smaller the average size of a business the faster the growth rate of sectoral employment. Because of the significance of small businesses on the economy understanding the way how small businesses affect labour market in a region can be an important step toward job creation.

MASI ET AL. (2003) conducted a research in a low income community searching the efficiency of Internet training educating people to acquire health information via home internet. They proved that group members receiving Internet training changed their attitudes toward the Internet technology and their affinity to used Internet increased significantly. The research suggests that short course courses are good tools to increase interest in IT in people who have not used Internet.

## METHODOLOGY

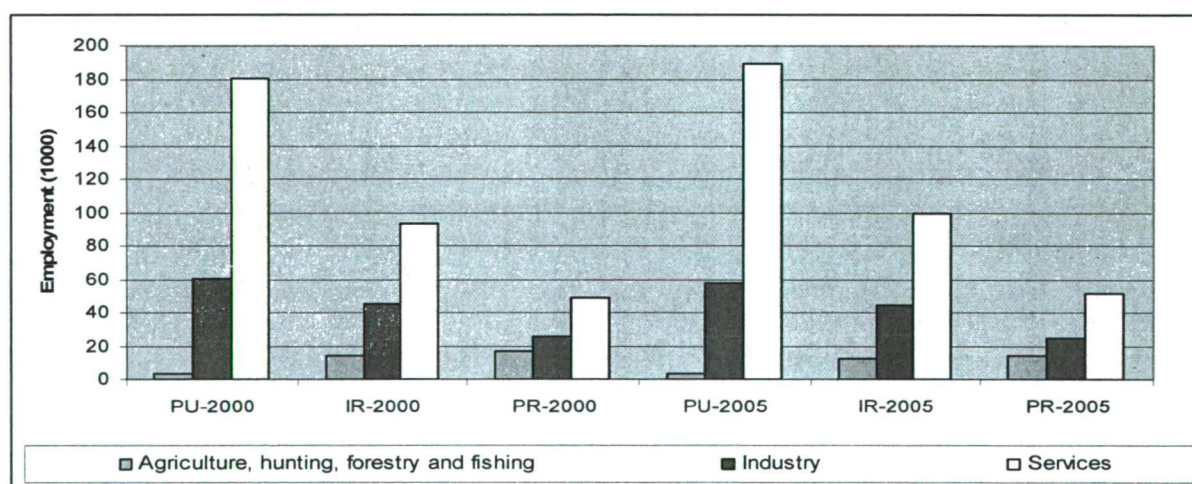
The Eurostat database was chosen as the main source of information for statistical analysis. When the data base was selected the following considerations were important: availability

of data for all the EU 27 countries on national and regional (NUTS2 and NUTS3) level. The examined time period was from 2000 to 2006, the end was determined by the availability of data on the Eurostat database. Tendencies were evaluated by comparing the data of the first year and the last year of the examined period. Taking into account rurality the regions were divided into three groups: predominantly urban regions (PU), intermediate regions (IR) and predominantly rural regions (PR). The categorisation of rurality based on the methodology of the Organisation for Economic Co-operation and Development which method uses population density as the criteria of rurality.

## RESULTS

The aim of the EU is to employ each EU citizen who would like to participate in the labour market and to reach the 70% percent employment rate by 2010. Knowing the employment characteristics in EU regions contribute to common understanding of the processes on the work market that is the basis of the formulation of new, efficient strategies of employment.

**Table 1 Total Employment, EU 27, at NUTS levels 3, average of PU, IR and PR regions**

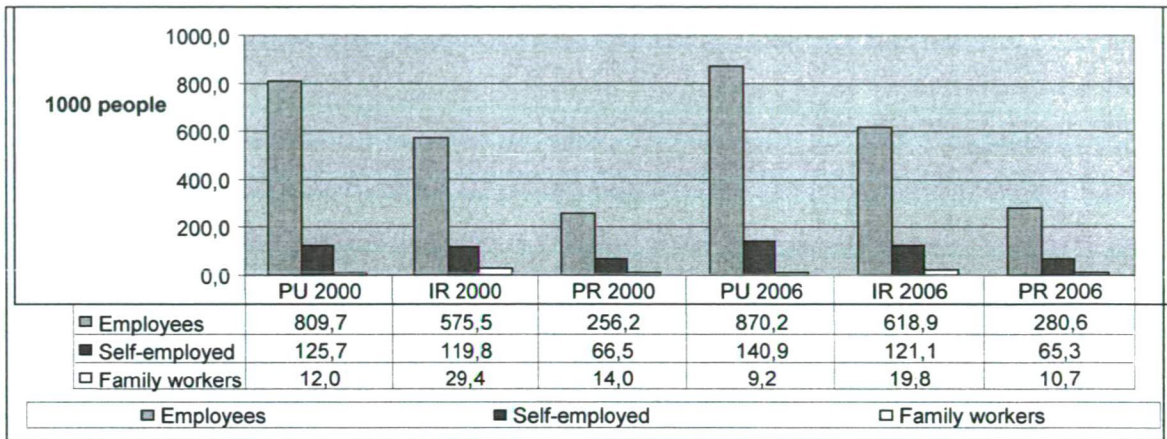


Source: Eurostat General and regional statistics, 2000, 2005

Employment in agriculture, hunting, forestry and fishing was the lowest in PU regions, more people was employed in IR regions and the higher number of inhabitants was employed in PR regions in the EU (Table 1). Employment in the industry and services showed an opposite tendency than employment in agriculture, hunting, forestry and fishing since the most people were employed in PU regions and the smallest number of employees worked in PR regions. The structure of economic activity was different in an average PU, IR and PR region. Comparing the ratio of employment in services, in agriculture, hunting, forestry and fishing and in industry it was found that the ratio of people employed in services PU or IR regions was significantly higher than it was in PR regions. This huge difference in employment in services suggests that rural people's access to various services is very limited in comparison with the possibilities of inhabitants in PU and IR areas which is an important disadvantage of the rural life. Enhanced service activities may directly increase the employment and may provide a more attractive situation in rural regions

In the Eurostat general and regional database, in the section of employment by professional status, the employment is equal with the sum of employees, self-employed and family workers.

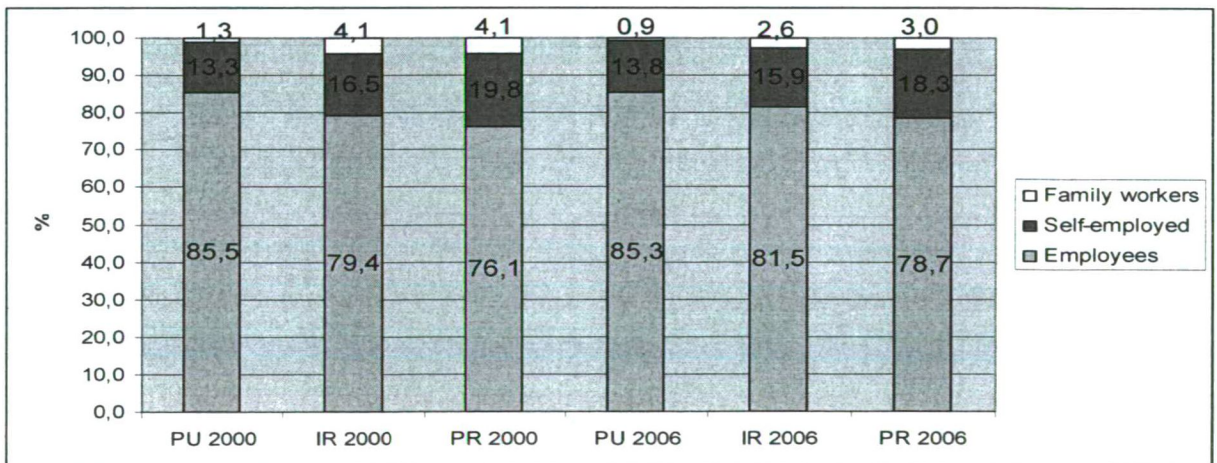
**Table 2 Employment by professional status NUTS 2 (1000)**



Source: Eurostat General and regional statistics, 2000, 2006

Analysing the employment by professional status it can be seen that the decisive part of people worked as employees and far more people were self-employed and the number of family members was significantly the lowest (*Table 2*).

**Table 3 Employment by professional status NUTS 2, 2006**



Source: Eurostat General and regional statistics, 2000, 2006

The structure of employment was different in urban and rural areas of the EU (*Table 3*). The ratio of employees was the highest in PU regions (85.29%) and the lowest in PR regions (78.70%) in 2006. The ratio of self-employed people and family workers showed

an opposite tendency with low ratios in urban and higher ratios in rural areas. The rate of family workers was about three times more in IR and PR regions than in PU regions.

**Table 4 Employment by professional status NUTS 2 (%), 2000-2006**

| Professional status | 2000-2006 |        |        |
|---------------------|-----------|--------|--------|
|                     | %         |        |        |
|                     | PU        | IR     | PR     |
| Employees           | 7.47      | 7.55   | 9.49   |
| Self-employed       | 12.05     | 1.08   | -1.84  |
| Family workers      | -23.64    | -32.59 | -23.66 |

Source: Eurostat General and regional statistics, 2000, 2006

The number of employees increased notably in PU (7.47%), IR (7.55%) and in PR (9.49%) regions from 2000 to 2006 (Table 4). The development of self-employment was intensive in PU regions (12.05%) however small changes were experienced in IR (1.08%) and in PR (-1.84%). The low number of family workers diminished greatly in each region type (23.64%-32.59%).

**Table 5 Employment by highest level of education attained NUTS2 (1000) between 25 and 64 years, 2000-2006**

| Between 25 and 64 years   | PU    | IR    | PR    |
|---|-------|-------|-------|
| Pre-primary, primary and lower secondary level                    | 8,17  | 0,77  | -9,81 |
| Upper secondary and post-secondary non-tertiary education - level | 9,51  | 10,68 | 11,22 |
| Tertiary education level  | 25,54 | 27,16 | 32,55 |

Source: Eurostat General and regional statistics, 2000, 2006

The level of education increased generally from 2000 to 2006 since the ratio of employees with tertiary education grew most intensively in PU, IR, and PR regions by 25.54-32.55%, the ratio of employees with upper secondary and post-secondary non-tertiary education improved less intensively by 9.51-11.22%, and the ratio of employees with Pre-primary, primary and lower secondary education increased by 8.17%, in PU regions, by 0.77% in IR regions and decreased by 9.81% in PR regions (Table 5). The most significant improvement in the level of education was found in predominantly rural areas which indicates that the demand increased for the people with higher education in rural regions.

**Table 6 Employment rates by age, at NUTS 2 (%)**

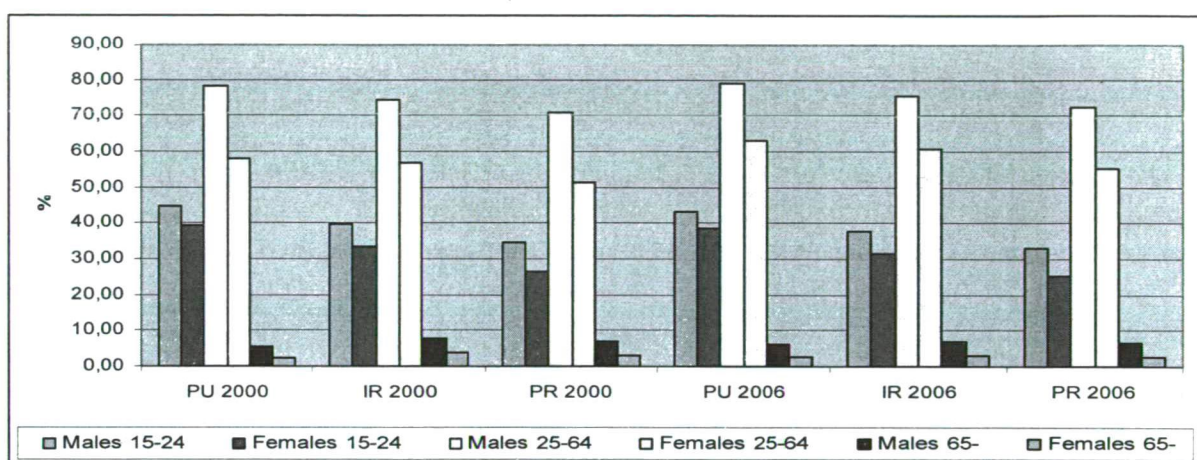
| Age groups              | PU    | IR    | PR    |
|-------------------------|-------|-------|-------|
|                         | %     |       |       |
| Between 15 and 24 years | -2,69 | -5,48 | -3,54 |
| 25 - 64                 | 4,21  | 3,67  | 4,67  |

|                          |       |        |       |
|--------------------------|-------|--------|-------|
| <b>65 years and over</b> | 20,92 | -14,21 | -7,25 |
|--------------------------|-------|--------|-------|

Source: Eurostat General and regional statistics, 2000, 2006

The employment rates of age group of 25-64 increased in all region types from 3.67% (IR) to 4.67% (PR) (Table 6). The employment rate of the age group of 15-24 was lower than the employment rate of the age group of 25-64 in 2000 the gap between the two groups increased during the examined time period. The employment rates of the oldest age group decreased also in IR (14.21%) and PR (7.25%) regions but it increased notably by 20.92% in PU regions.

**Table 7 Employment rates by sex and age NUTS 2 (%)**



Source: Eurostat General and regional statistics, 2000, 2006

The order of employment rates by age groups was similar in both genders (Table 7). The lowest employment rates were in the age group of 65 and over and the highest employment rates were in age group of 25-64. The employment rates of both genders were higher in urban areas than rural areas in the decisive age groups of 15-24 and 25-64. Employment pattern is changing through age groups and gender. Employment rates of youth and elderly are lower than the employment rate of prime-aged people.

## CONCLUSIONS

Economic development affects the employment level in many ways. In geographically less favourable areas parents invests less in the education of their children that results in a less educated population of these regions that increases the gap between developed and underdeveloped areas. The most significant improvement in the level of education was found in predominantly rural areas which indicate that the demand increased for the people with higher education in rural regions. Employment needs of the working age population differ greatly depending on the status of the person. European regions face the consequences of rapid and unequal development of the service sector. Further decrease of employment in agriculture changes rapidly the structure of employment in rural areas. Employment in agriculture, hunting, forestry and fishing decreased greatly in PU, IR and PR regions of the EU the most significant decline happened in PR regions.

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