

From unemployment to employment: a longitudinal analysis in the French LFS data

A more complicated route for seniors

On average in 2015, 3.0 million people aged 15 to 64 were unemployed according to the ILO definition in France, or 10.0% of the active population. A person can get out of unemployment because she finds a job, or because she ceases to be a member of the labor force. On average, 21.0% of the unemployed in a given week are employed three months later. 60.4% are still unemployed and 18.7% are inactive in the ILO sense.

The unemployed who find a job are more often young graduates who have been unemployed for a short time and have already worked. However, they find employment more often on a fixed-term and part-time basis than in the rest of the population, especially for those with less qualifications.

Unemployed people aged 50 to 64 have more difficulty finding a job. When this is the case, this job is not what they want and almost one third want to change it.

Experiencing a situation of unemployment may make reclassification into the labor market more difficult: one unemployed person in four who finds a job finds herself in a socio-occupational category on average less well paid than that the one she held before her period of unemployment. And seniors are again the most concerned.

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Please note this is a work in progress.

On average in 2015, 29.2 million people aged 15 to 64 are active in France (including French overseas departments), ie a rate of 71.3%. According to the ILO definition, the average unemployment rate in 2015 is 10.0%, or 3.0 million unemployed persons. This average annual figure covers several types of individual trajectories. Some people who are inactive or in employment may be in a situation of unemployment in 2015, while other unemployed people may or may not leave it. A person can leave unemployment because she finds a job or because she ceases to belong to the labor force.

From one quarter to the next, 21.0% of the unemployed find a job

In 2015, 60.4% of unemployed people in a given quarter are still unemployed in the following quarter (Figure 1). Of those who leave this state in the following quarter, 21.0% return to work and 18.7% become inactive. Among unemployed people who become inactive, two thirds find themselves in the unemployment “halo”, ie they want to work but no longer meet all the criteria to be considered unemployed in the sense of the ILO. Whether or not these criteria are met in the next quarter is likely to cause them to switch back into either category. This transition into the “halo” shows the porosity of the unemployment frontier. In 2015, only 6.4% of the unemployed in a given quarter leave it the next quarter because they become inactive out of “halo”. This category includes unemployed people who retire.

More common transitions for young graduates

Unemployed young people who have recently completed their education are more likely to find a job. In 2015, 25.8% of the under-25s are transitioning from unemployment to employment, as are 28.0% of those who have graduated less than one year ago, compared to 14.7% of those aged 50 and over and 18.6% of those who have been out of school for more than 10 years. The percentage of unemployed people who remain unemployed the following quarter confirms this trend: the share of older workers (50-64) is higher at 64.3% compared with 53.5% for those under 25. Unemployed people aged 25 to 49 are the least likely to go into inactivity.

The level of study is also an important criterion. Unemployed persons with a diploma below the bachelor's level are less likely to return to work: only 14.7% of the unemployed without a diploma or having only a vocational diploma find employment in the following quarter in 2015 against more than 25% for the unemployed with a higher diploma.

The longer unemployment lasts, the more difficult it is for unemployed to find a job. Thus, in 2015 among those who have been unemployed for at least three years, the share of those who find a job in the following quarter is 3 times lower than that of persons unemployed for less than one year: 8.8% compared with 26.9%.

Having a first professional experience helps to return to a job. Thus, in terms of socio-occupational category, the proportion of those who have never worked before 2015 is 16.4%, whereas it is over 20% for the categories of people who have already worked. The relative success of recent graduates (less than one year), of which a significant proportion has never worked, is not sufficient to raise this rate. More than one out of every four unemployed persons in this category of people who have never worked has a transition from unemployment to inactivity in 2015 (with a “non-halo” inactivity of 13.1%, which means that people no longer seek work). Among the unemployed managers and higher intellectual professions, more than one out of four finds a job the next quarter (25.5%).

In 2015, 17.5% of unemployed immigrants in a given quarter find employment in the following quarter. For immigrant descendants, the situation is somewhat more favorable (19.7%), but less than people neither immigrants nor descendants of immigrants, who are the most successful (22.0%). Similarly, the situation of people living in disadvantaged areas is less favorable than that of other people: 14.3% compared to 23.0%.

The unemployed in rural communes are more likely to find a job (26.7%) and fewer to remain unemployed (56.3%) than those living in urban units (respectively less than 22% and 60%).

Figure 1- Characteristics of unemployed people depending on their labor status the following quarter

	Unemp -> Emp	Unemp -> "non halo" inactivity	Unemp -> "halo" inactivity	Unemp -> Unemp	Total
Gender					
Male	20,6	5,2	11,6	62,6	100
Female	21,4	7,8	13,0	57,8	100
Age					
15-24	25,8	10,3	10,3	53,5	100
25-49	21,2	4,5	12,6	61,7	100
50-64	14,7	7,5	13,5	64,3	100
Higher level of education					
3rd year university level or higher	26,1	4,9	9,4	59,7	100
2nd year university level	27,4	6,3	9,8	56,4	100
Bachelor	25,3	8,2	10,9	55,7	100
Vocational diploma	20,1	5,1	13,4	61,5	100
No diploma	14,7	7,0	14,3	64,0	100
Years after ending school					
Undetermined	20,9	24,9	12,5	41,6	100
< 1 year	28,0	9,4	6,8	55,8	100
1-4 years	26,1	5,8	10,1	58,0	100
5-10 years	23,2	5,3	11,7	59,8	100
11 years or more	18,6	5,1	13,3	63,0	100
Immigration status					
Immigrant	17,5	7,7	12,4	62,4	100
Immigrant descendant	19,7	6,3	11,1	62,9	100
Other	22,0	6,1	12,5	59,5	100
Duration of unemployment					
0-1 year	26,9	6,5	10,4	56,2	100
1-2 years	16,6	5,5	13,0	64,9	100
2-3 years	12,2	4,9	15,2	67,7	100
3 years or more	8,8	6,9	17,5	66,9	100
Socio-occupational category					
Independents	23,8	5,5	17,6	53,1	100
Managers and higher intellectual professions	25,5	3,3	9,2	62,1	100
Intermediate professions	22,7	4,7	10,7	61,8	100
Employees	20,8	6,2	13,4	59,6	100
Workers	21,6	4,3	11,7	62,4	100
Never had a job	16,4	13,1	12,5	58,0	100
No information	24,8	5,3	13,8	56,1	100
Urban unit					
Rural commune	26,7	4,9	12,2	56,3	100
< 20000 inhab.	21,6	6,3	12,1	60,1	100
20000-199999 inhab.	18,6	5,9	14,3	61,2	100
> 200000 inhab.	20,6	6,6	11,9	61,0	100
Parisian conurbation	18,9	8,3	10,3	62,5	100
Disadvantaged areas					
Disadvantaged areas	14,3	7,1	12,7	65,9	100
Non disadvantaged areas	23,0	6,4	11,7	59,0	100
Ensemble	21,0	6,4	12,3	60,4	100
Total sample	639 476	194 281	374 578	1 841 591	3049926

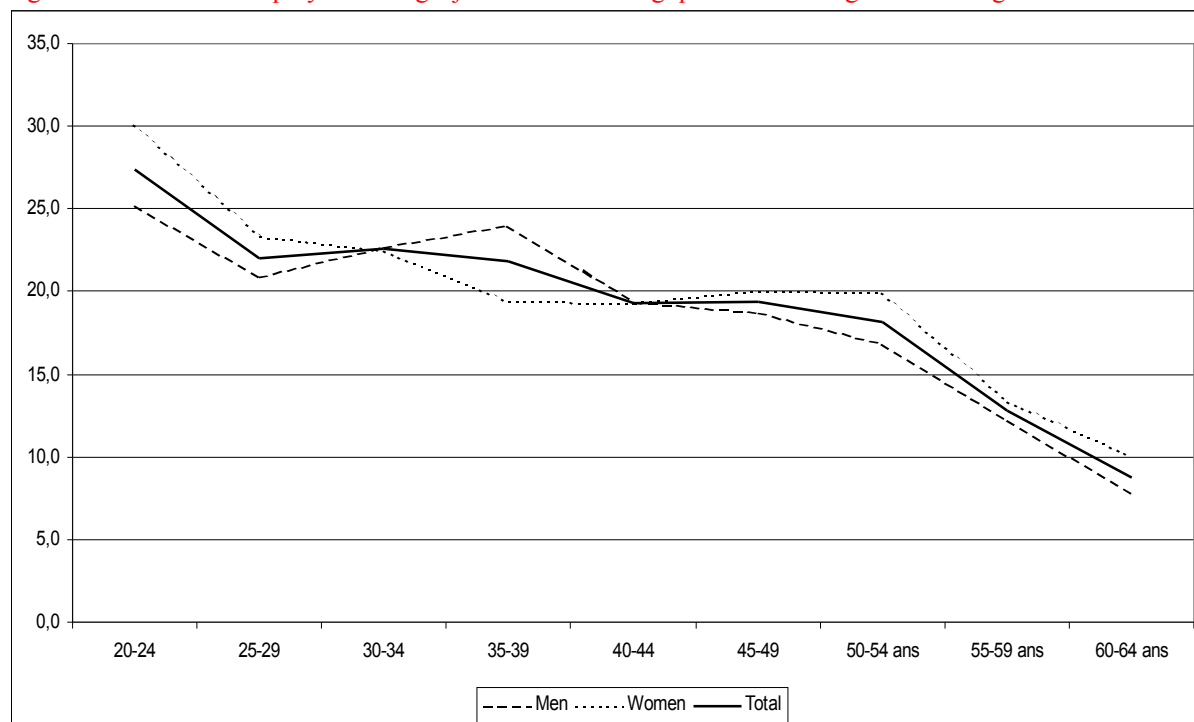
Source : Insee, LFS, unemployed people aged 15-64.

The difficulty of getting out of unemployment increases with age

The share of the unemployed who find a job in 2015 decreases when the unemployed are older. The difficulty of getting out of unemployment for seniors (50 years or more) is a fairly clear trend (Figure 2). By 2015, among the unemployed aged 60 or older, less than 10% find employment in the following quarter.

Women are slightly more likely to leave unemployment than men (21.4% vs. 20.6%). But they often leave to become inactive (20.8% vs. 16.8%). As a result, men remain more often unemployed (62.6% vs. 57.8%).

Figure 2 - Share of unemployed finding a job in the following quarter according to sex and age



Source : Insee, LFS, unemployed people aged 15-64.

Going out of unemployment but for a precarious employment situation...

The unemployed who find a job are more often in precarious jobs than those already employed. Admittedly, a person who has recently arrived in a company does not always have a job as satisfactory as a person already in place for a longer time in the same company. But even if one compares the position of the unemployed who have found a job in 2015 to those employed in their company for less than 1 year, the situation is to the disadvantage of the ex-unemployed (Figure 3). People who have been employed for less than one year have not necessarily passed through a period of unemployment: they may have changed jobs or found a job directly after leaving school.

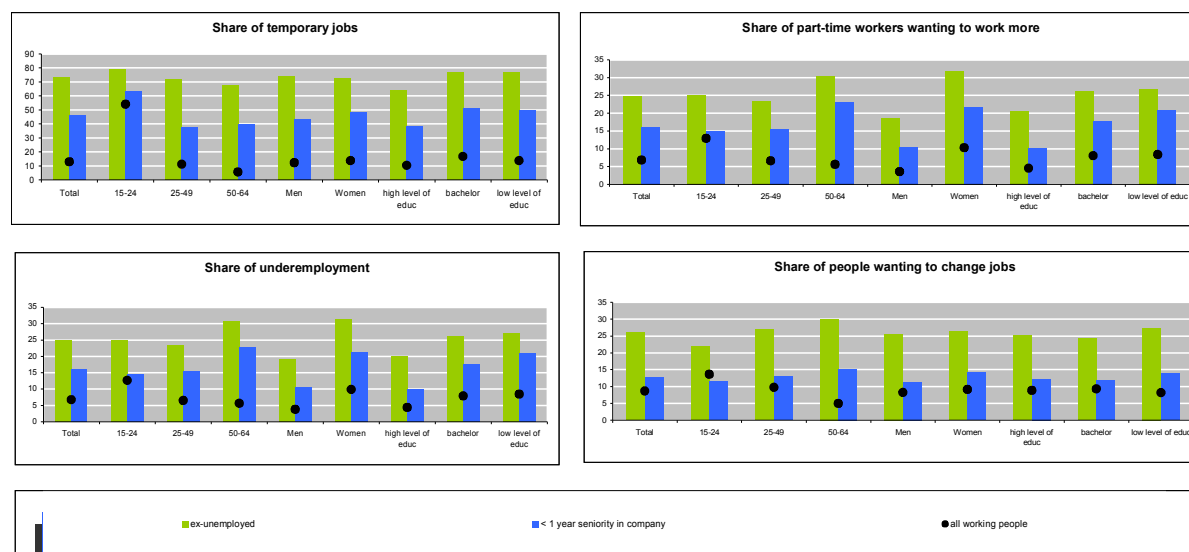
Thus, even if the share of temporary jobs is significantly higher for those employed for less than one year than those in employment in general (45.6% versus 12.9%), it is even higher for the former unemployed (73.1%). With the exception of those aged 15-24 for whom the situation of the former unemployed corresponds to the general situation of this age group, in all cases and independently of age, sex or diploma, the unemployed who sign a permanent contract are very much in the minority compared to the general situation and even the situation of those who have been in office for less than a year.

In 2015, ex-unemployed people are also much more likely to work part-time, while wanting to work more than the quota stipulated in their contracts. Overall, the share of the former unemployed in this situation reaches 24.8% compared with 16.1% for persons employed for less than one year and 6.8% for all employed persons.

In general, the analysis of underemployment, which includes part-time workers who want to work more and those who have worked less than usual due to technical unemployment or bad weather, leads to similar conclusions. Two populations of former unemployed (the 50-64 year-old on the one hand and women on the other) even exceed 30% of underemployment.

The very high share of temporary and part-time jobs identified for the unemployed who find a job in 2015 shows that, on the one hand, they accept precarious positions or positions which have characteristics that are far from their original wishes, and that, on the other hand, the labor market tends to offer them more low-wanted jobs.

Figure 3 – Share of temporary jobs, part-time jobs and underemployment according to the seniority in one's company



Source : Insee, LFS, unemployed people aged 15-64.

... leading to the desire of changing jobs

In this context, in 2015, more than one out of four unemployed persons would like to change jobs, even though she has been in her position for less than a year. By comparison, 12.7% of all people working in their company for less than a year want to change jobs, and on average 8.7% of those employed in 2015. The reason for the desire to change jobs comes mostly from the instability of the job since 59% of the former unemployed declare that they want to change because of the risk of losing their job or to find a more stable job, whereas these reasons account for only 23.1% of the total employed population.

The share of ex-unemployed older workers (50-64 years old) wishing to change jobs is particularly high (30% against 27% for those aged 25-49 and 22% for 15-24 years old), contrary to the figures for the total employed population. This reflects a more difficult reintegration after a period of unemployment for the elderly.

Overall, the situation of young people (under 25) who were unemployed and found a job in 2015 remains close to that of young people in employment in 2015 in general. Indeed, regardless of the position occupied by the person before, unemployed or not, the jobs of 15-24 years old are characterized by a certain precariousness.

A more difficult reclassification in the labor market

Among the unemployed who find a job in 2015, this is the first work experience for 12.7% of them (Figure 4). Unemployed persons who had already worked were classified according to their previous job in a socio-occupational category whose average wage can be calculated in 2015. When they find a new job, it determines the new socio-occupational category, unchanged or not. More than half of the unemployed who find a job in 2015 are thus in a socio-occupational category at least as well paid as before their period of unemployment. But almost one unemployed person out of four (24.5%) takes a new job in a socio-professional category whose average wage is lower than his previous one. This is especially true for the 25-49 years old (27.1%) and the elderly (29.0%). The latter are also less likely to have access to a socio-occupational category with a higher wage (15.8%). Those who have returned to work in 2015 and were previously unemployed following resignation, illness or conventional break-up are also more likely to join a lower-wage socio-occupational category: more than one in three are in this situation. When the duration of unemployment reaches or exceeds one year, reclassification also appears more difficult in the labor market.

Some unemployed formerly wage-earners become self-employed (3.3%), but almost as many go the opposite way (2.5%).

Figure 4 – Distribution of former unemployed according to their new socio-occupational categories

	Status in the new job						
	1rst pro exp	becomes independent	remains independent	was independent	same wage socio-occupational category	lower wage socio-occupational category	higher wage socio-occupational category
Total	81 049 12,7	20 939 3,3	11 924 1,9	16 035 2,5	211 299 33,0	156 851 24,5	135 635 21,2
Age							
15-24	35,6	1,5	0,5	0,5	22,8	16,9	21,1
25-49	4,3	3,7	2,1	2,8	36,6	27,1	22,5
50-64	1,8	5,2	3,9	5,2	38,5	29,0	15,8
Gender							
Male	11,2	3,5	2,2	3,3	32,0	25,0	22,2
Female	14,3	3,0	1,4	1,6	34,2	24,0	20,0
Circumstance of job loss							
End of a short term contract	0	2,13	0,66	0,24	42,69	27,89	25,11
Resignation, illness or conventional break-up	0	4,72	0,18	0	30,84	34,35	28,8
Economic lay-off, cession, bankruptcy	0	5,43	5,85	12,45	29,37	28,59	17,88
Other situation	0	4,86	8,01	10,01	33,66	21,46	21,26
Duration of unemployment							
< 1 year	11,2	3,2	2,3	2,4	36,5	23,0	20,4
> 1 year	14,2	3,4	0,9	2,9	25,1	29,2	23,9
Level of education							
high level	12,6	4,7	2,5	2,5	29,8	25,1	21,7
bachelor	18,7	2,7	1,4	2,3	30,8	20,3	23,1
low level	9,7	2,7	1,7	2,6	36,1	26,3	20,0

Source : Insee, LFS, unemployed people aged 15-64.

Sources

The French LFS is conducted continuously every week of the year in metropolitan France and, since 2014, in the French overseas departments, with the exception of Mayotte, where the survey is annual. Each quarter, approximately 110,000 people aged 15 and over living in an ordinary household respond to the survey. People describe their situation in relation to the labor market (in employment, unemployment or inactivity) during a given week, known as the "reference week". The LFS is the only source for measuring unemployment in the ILO definition. The level and structure of employment provided by the LFS may differ from those obtained from administrative sources (employment estimates).

The sample of this study is constituted of 241,631 individuals aged 15-64 who answered to the survey for at least 2 consecutive quarters of Q1 2015 to Q1 2016 (not necessarily unique individuals). Of these, 18,077 of them have a transition from unemployment to employment (21,0%), unemployment (60,4%) or inactivity (18,7%).

To qualify the reclassification of the unemployed in their new job, the average wage earned within each socio-occupational category by the employees was first estimated on average in 2015. This wage was then allocated to each former unemployed person on the basis of the category she was in when he was last employed. This prevents from the risk of individual reporting bias. If a former unemployed person had never worked or was independent, she is given a special status. We then look at how this status evolves in the new job. Note that the results are unchanged depending on whether one uses the average wage computed on everyone, computed on full time workers only, or whether one uses the hourly wage.

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