

Regional Differences in Involuntary Job Loss and Re-Employment Across Europe

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Abstract

There are significant differences in involuntary job loss and re-employment probabilities across Europe. For instance, involuntary job loss varies between 2.94% in the Netherlands to 12.62% in Latvia, whereas the re-employment probability varies from 35.9% in Romania to 81.1% in the Czech Republic. We use harmonized retrospective longitudinal data across Europe to examine the determinants of the re-employment probability. We then go on and estimate cross-region re-employment probabilities by aggregating countries to regions and decompose the significant cross-region heterogeneity we find into a portion that can be explained by differences in observable characteristics and a portion that cannot be explained by regional variation in observable characteristics. Knowing which characteristics, and the returns to those characteristics as they relate to re-employment differences is helpful for informing policymakers in determining the best way to direct resources to increase the employment prospects of the unemployed.

Keywords: job loss, re-employment probability, regional heterogeneity

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