

# **MAKING MOBILITY IN THE LABOUR MARKET MEASURABLE**

**The possibilities of the Datawarehouse  
Labour market and the PMWP-database:  
some illustrations**

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## INTRODUCTION

The theory of the *transitional labour market* has *mobility in the labour market* at its centre-point. By analysing this phenomenon, we can map out the dynamic character of the labour market. School leavers enter the labour market as newcomers, pensionable workers leave it, others leave the labour market early, for example through the bridging retirement scheme, some wage-earners withdraw through career breaks and others change jobs.

The availability of statistical data to map out currents in the labour market is critical to the future development of the theory of the transitional labour market and the concept of mobility. It is essential to gather adequate information with the help of dynamic statistics to get a clear picture of the different currents in the labour market. One of the resources that can be used for this purpose is the Eurostat Labour Force Survey. This survey contains a retrospective question enquiring into the labour market situation one year before the survey is held. Other resources are panel-surveys (like the European household panel) which follow a group of people for a specific period, allowing the respondents' career can be mapped out.

Another possibility would be to extract statistics from administrative data. Great progress has been made in Belgium in that respect with the construction of the 'Datawarehouse'. In the Datawarehouse, the main information in the administrative Social Security databases is linked up. All residents known to the Belgian social security instances are contained in the Datawarehouse. The objective of this paper is to introduce Datawarehouse and to discuss the way in which it can be an important tool for analysing mobility in the labour market.<sup>1</sup> In *Part one*, we discuss the construction, possibilities and limitations of the Datawarehouse. Since the entire database is enormous and for legal reasons and privacy protection, the data of the Datawarehouse cannot be used freely. Therefore, a system of

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<sup>1</sup> This paper was possible thanks to funding provided by the Flemish Government (VIONA programme, Policy support measure) and from the federal government, POD Science Policy, Agora Programme, Project Quality of Labour.

basic applications is used to compile a number of tables, which contain an increasing quantity of permutations and a more detailed distribution for larger geographical areas. Furthermore, it is also possible to make specific requests for tailor-made information.

For example, Datawarehouse contains basic applications for analysing mobility in the labour market. A first application relates to *labour market mobility* (any change in socio-economic status), a second application deals with *job mobility* (any change to another job) and a third application looks at labour market mobility from a change in RVA-status.<sup>2</sup> These basic applications will be discussed and worked, by way of illustration, with an analysis in *Part 2*.

In addition, a sample was taken of the working-age population (hereafter called the PMWP-database) in the context of a federally funded research project.<sup>3</sup> The sample was taken for the second quarter of 1998 and the people in the sample were subsequently tracked on a quarterly basis up to and including the third quarter of 2000. The sample contained 609 971 people. In Part 3 of this contribution, we give an overview of different possibilities in which the sample can be used to map out mobility in the labour market. Günther Schmid's concept of the transitional labour market indicates the range of transitions possible within the labour market.

The model of the transitional labour market, depicted in Figure 1, essentially contains two types of variables: supply variables (number of individuals in one of the domains/segments at a given moment) and flow variables (number of individuals moving from one domain to another during a given period). The five essential transitions are those (I) between full-time and part-time work, (II) between work and unemployment,

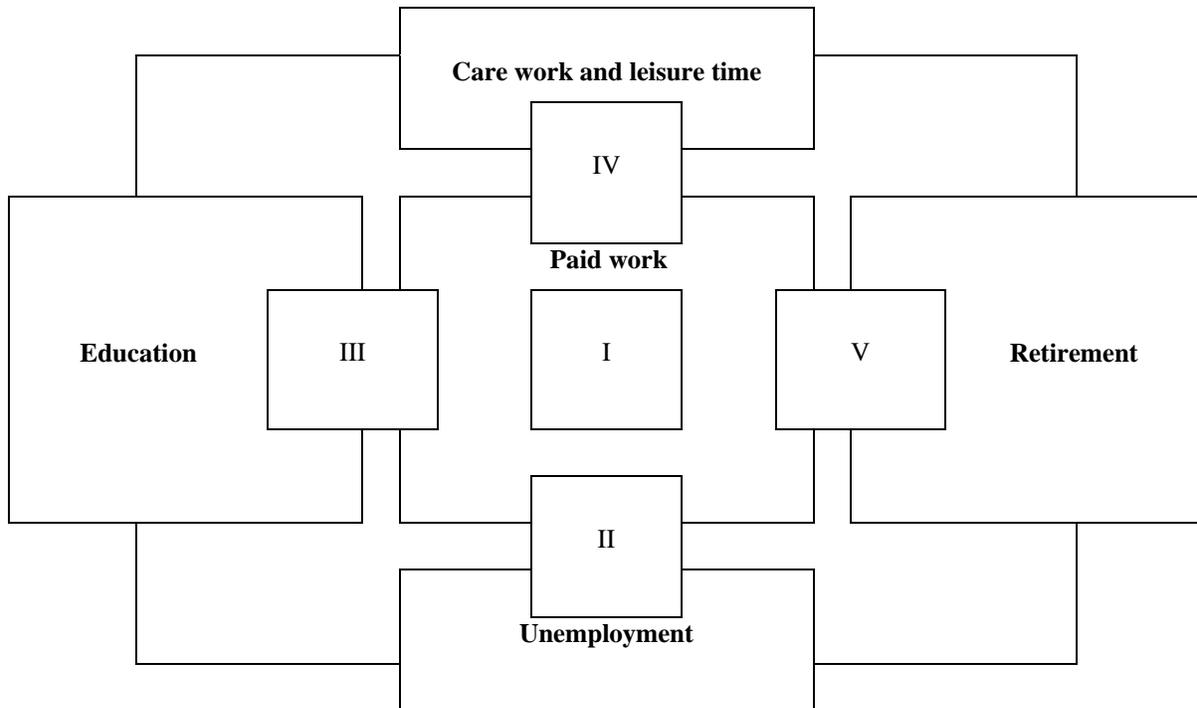
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<sup>2</sup> In the Belgian social security system, the *Rijksdienst voor Arbeidsvoorziening* (RVA, the National Employment Office) is responsible for organising unemployment insurance, which includes the provision of a replacement income to involuntary unemployed and other categories placed on the same footing.

<sup>3</sup> Project: Labour market mobility. Design of a measuring tool, Social Cohesion Programme. This is a research programme of the federal Belgian government, organised and managed by the Services for Science Research.

(III) between education and work, (IV) between paid work and (unpaid) leisure time or care work and (V) between paid work and retirement.

**Figure 1.** The ‘transitional labour market’ concept of Günther Schmid



Not all aforementioned currents in the labour market can be discussed on the basis of the PMWP-database. We can map out the mobility of employees between full-time and part-time work (I). The same applies to currents between work and unemployment (II), except for the fact that we are only aware of the unemployed receiving benefits from the RVA (National Employment Office). Because the Datawarehouse only contains information about the working population and not about professionally inactive people, mapping out the currents between paid work and education is not feasible. When it comes to the mobility between paid work and unpaid care work/leisure time (IV), we can only map out a limited proportion of the shifts. Only the movement from paid work to full-time career breaks (and vice versa) can be shown. The career end marked by the transition from paid work to retirement (V) can (temporarily) only be described to a limited extent. Only the shift towards a full-time bridging pension can be mapped out. In future, career endings

should also be easier to map out, due to a new initiative linking pension registry data to the Datawarehouse.

# PART 1 BRIEF INTRODUCTION

## 1. The Datawarehouse Labour Market

### 1.1 Introduction to the Datawarehouse Labour Market

The Datawarehouse 'Labour Market' was set up at the request of several social security institutes and scientists. The objective was to create a database in which certain social data available to the institutes would be permanently linked in order to be more readily accessible for scientific research.<sup>4</sup>

The Datawarehouse has a two-fold advantage. On the one hand, it provides *ready access at a minimal cost* to data on the socio-economic position of the population. On the other hand, it becomes feasible to generate wide-ranging and detailed *statistics* about labour market operations. In order to make these data easily accessible, a few basic statistics were compiled with the most frequently requested variables to illustrate the Datawarehouse's possibilities. These basic statistics are available to the public. Specific (tailor-made) statistics are obtainable on request.

The basis for the link is the national insurance number, a unique identification number held by everyone known to the Belgian social security institutes (the number is coded and made anonymous in the Datawarehouse). Individual people are therefore the main

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<sup>4</sup> The social security institutes involved are the National Service for Medical and Disablement Insurance (Rijksinstituut voor Ziekte- en Invaliditeitsverzekering - RIZIV), the Department of Social Services responsible for child benefit (Rijksdienst voor Kinderbijslag van Werknemers - RKW), the state body responsible for social security of the self-employed (Rijksinstituut voor de Sociale Verzekering van Zelfstandigen, RSVZ), the National Office for Social Security (Rijksdienst voor Sociale Zekerheid, RSZ), the National Office for Social Security for Local and Provincial Authorities (Rijksdienst voor Sociale Zekerheid voor Plaatselijke en Provinciale Overheden, RSZPPO) and the National Employment Office (Rijksdienst voor Arbeidsvoorziening, RVA). The linking takes place at the Crossroads Bank for Social Security (Kruispuntbank Sociale Zekerheid - KSZ); the *Maatschappij voor Meconografie* (SmalS-MyM) is in charge of IT-support, whereas the project will be scientifically supported by the Resource Centre for Labour Market Research (Steunpunt Werkgelegenheid, Arbeid en Vorming) and the Point d'Appui Travail Emploi Formation.

*statistical unit*. Since the characteristics of the employment regime, the employer and the working hours of employees are equally included in the Datawarehouse, statistics can also be compiled for number of jobs, employers and working hours.

The *Datawarehouse population* contains everyone known to any of the institutes in the course of the quarter. Also present in the Datawarehouse population are the members of the same household (insofar they are not already known to the participating institutes). Of those household members, we only know their gender, address and their relation to the head of the household.

In terms of the working population, the Datawarehouse consequently includes the majority of the working citizens in Belgium and a large proportion of the jobseekers in Belgium. The employed people missing from the database are primarily wage-earners working for an employer who is not liable for national insurance contributions to the Belgian state, including the cross-border workers working abroad. The jobseekers obscured from the Datawarehouse's view are those who don't receive unemployment benefit, neither directly or indirectly. Each participating social security institute offers an extensive list of *variables* through the Datawarehouse. In addition, a number of '*derived variables*' are created, for example the socio-economic position or the number of jobs per person.

## **1.2 Nomenclature of socio-economic positions**

On the basis of the information from the participating social security institutes, a detailed distribution of the population in the Datawarehouse can be made according to socio-economic positions. Dependent on their position in or out of the labour market, the population is divided into working, looking for work, professionally inactive or unknown

to the participating social security institutes. The situation taken into account is invariably the situation on the last day of the quarter.<sup>5</sup>

The nomenclature of these socio-economic positions is constructed hierarchically and it can be distributed to a 5-digit level. That way, it becomes possible to subdivide the categories further. The new possibilities of the Datawarehouse can hence be fully exploited in order to map out positions for which the different social security institutes contribute information (for example the number of wage-earners and self-employed). The table below shows the nomenclature up to three digits.

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<sup>5</sup> Not all social security institutes use this approach. For the RVA, for example, it suffices that someone is unemployed for one day to be counted as unemployed, whereas for the Datawarehouse, a person must be unemployed on the last day of the quarter to be included among the unemployed.

**Table 1. Datawarehouse. Overview of the socio-economic nomenclature, 18-64 yrs old (Belgium; 2nd quarter 1998)**

(n)	(%)	Code + description of the socio-economic position
5 905 276	100	<i>Total</i>
<b>3 704 142</b>	<b>62.7</b>	<b>1. Employed</b>
2 990 375	50.6	1.1 Wage-earner
2 873 600	48.7	1.1 Wage-earner with one job
116 775	2.0	1.1.2 Wage-earner with more than one job
547 846	9.3	1.2 Self-employed
513 550	8.7	1.2.1 In main occupation
20 884	0.4	1.2.2 In side occupation
13 412	0.2	1.2.3 Self-employed above retirement age
43 141	0.7	1.3 Working as assistant of self-employed employer
42 295	0.7	1.3.1 Working, main occupation as assistant
354	0.0	1.3.2 Working, side occupation job as assistant
492	0.0	1.3.3 Working as assistant after retirement age
122 780	2.1	1.4. Wage-earner as well as self-employed
111 615	1.9	1.4.1 Wage-earner in main occupation
11 165	0.2	1.4.2 Self-employed in main occupation
<b>374 613</b>	<b>6.3</b>	<b>2. Jobseeker receiving benefits from the RVA</b>
250 493	4.2	2.0.1 Jobseeker following full-time employment
101 447	1.7	2.0.2 Jobseeker following studies, entitled to waiting allowance
22 554	0.4	2.0.3 Jobseeker following voluntary part-time job
119	0.0	2.0.4 Jobseeker following studies, entitled to bridging grant
0	0.0	2.0.5 Jobseeker not on benefits (new status)
<b>276 794</b>	<b>4.7</b>	<b>3. Professionally inactive (receiving benefits from the RVA)</b>
117 438	2.0	3.0.1 On full-time bridging pension
17 163	0.3	3.0.2.Full-time career break
142 193	2.4	3.0.3 Exempted from reporting as jobseeker
<b>1 549 727</b>	<b>26.2</b>	<b>4. Unknown to the participating social security institutes</b>
1 191	0.0	4.0.1 Suspended jobseeker
1 548 536	26.2	4.0.2 Other

Source: KSZ-DWH Labour market data (Processing Steunpunt WAV)

### 1.3 Possibilities and limitations

The databases of the participating social security institutes are linked via the (coded) individual national insurance number allocated to everyone by the national insurance system (INSZ).

This method prevents people contained in several databases from being counted more than once. For example, a person who is both self-employed and employed will only be counted once and classified as 'Wage-earner and self-employed'. It will achieve a more accurate description of the size of *the working population* and its segments (employees, self-employed and jobseekers).

By coupling data over time, areas that were previously barely or never investigated in labour market research can be explored. This gives us a clearer insight into the nature and volume of mobility in the labour market and it makes studies of the dynamic processes of entry into and exit from the labour market more readily feasible.

After all, the geographic distribution takes place on the basis of the person's address, which means that data are available to a very detailed geographic level (statistical sector - ward level).

A first important hiatus concerns the population. The Datawarehouse is based on the administrative data of the Belgian Social Security institutes. The Datawarehouse consequently only contains data on people working for employers who are obliged to register their staff with the Belgian social security system. Incoming cross-border workers are included, whereas people working abroad are not. Seafarers are also missing. In addition, some self-employed do not need to register with the Social Security institutes. Then again, only the jobseekers receiving unemployment benefit, whether directly or indirectly, are known to the system. It means that the Datawarehouse does not yet contain the entire working population. But the largest proportion of those missing belong to the professionally inactive population. In particular, a large number of

pensioners are not included. Furthermore, people receiving the lowest level of income-support are not recorded. In total, the Datawarehouse contains approximately 9 million people (of a total of 10 million Belgians). Of these, 7.5 million are known to the social security institutes. About the other people, we only know that they belong to the household of a person known to one of the institutes. In future, the number of people known to the Datawarehouse will increase due to the impending link with pension registry databases.

In addition, not all variables in the Datawarehouse meet the needs of labour market research. After all, the data have been gathered for administrative purposes and they are sometimes insufficient for the purpose of statistics and research. A case in point is the information regarding *local branches*, which is not available because the figures are processed in a centralised database. Furthermore, each social security institute applies its own logic and definitions, making the comparison of data held by different institutes not always straightforward. These problems will in future be resolved with the help of two new projects. The Multifunctional Registration project will lead to every employer registering their employees just once by means of an integrated (electronic) registration commonly used by all social security institutes. For that purpose, concepts such as ‘pay’, ‘working day’, etc. have been standardised. The project ‘Crossroads Bank for Companies’ ensures that every local commercial organisation is allocated a unique identification number. In that way, statistics can be calculated for entire companies as well as for local branches.

Next, a few important socio-economic data are simply missing from the Datawarehouse. For example, the Datawarehouse does not contain information about the *educational attainment* of the people concerned. This could partly be resolved by integrating the educational attainment (possibly alongside other valuable information) of the 2001 socio-economic survey on the basis of the national insurance number in the Datawarehouse. The link with the Labour Force Survey can also provide additional information on the educational attainment (and possibly also about other subjects).

Another problem faced by the Datawarehouse is caused by administrative delays. This problem is inherent to the way the data are recorded. Some people who move from one status to another may not immediately be registered under their new status in the administrative database of the relevant social security institute. In the Datawarehouse database, they consequently seem to be going through a period of inactivity, while it is in fact only caused by an administrative delay in the registration within the original database. This transpired from our first analysis of the inflow into the self-employed status on a quarterly basis.<sup>6</sup> A surprisingly high percentage originated from the professionally inactive segment (15.9%).<sup>7</sup> When we looked at the inflow on a yearly basis, the percentage dropped considerably (5.6%). In summary, a relatively large number of people flowing out from another status (wage-earner, unemployed on benefits ...) are professionally inactive during one, two or three quarters before flowing into the self-employed status.

The delay is not only noticeable with regard to the inflow into self-employment. People flowing into unemployment or bridging retirement too, often seem to spend one or several quarters being inactive first according to Datawarehouse. There is no ready explanation for this. Because of these 'administrative delays' we opted to carry out our analysis on an annual basis. For the analysis of newly self-employed (see Part 3), for instance, we will look at their labour market situation one year earlier and for the self-employed who flowed out, we examine their labour market situation one year later. It is important to discover these administrative deficiencies and in what way they can be straightened out in future. The eventual intention is after all to gather knowledge with the analyses to develop an administrative database in which these deficiencies have been resolved or corrected as much as possible.

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<sup>6</sup> The currents into and out of self-employment are analysed on the basis of the PMWP-database. This will be discussed in great detail further on.

<sup>7</sup> In itself, the percentage of people flowing in from inactivity is not that high. However, considering the original sample in the second quarter of 1998 does not contain any inactives, the percentage is nevertheless high.

We are confronted with a few other problems when measuring job mobility in the Datawarehouse.

How do we measure a **job**? The statistical unit of the Datawarehouse is the 'person' with a unique national insurance number (INSZ). Of wage-earners, we have information relating to their employer(s) (i.e. the company registration number). In the DWH, an employee's 'job' becomes a combination of employee (INSZ number) and employer (company registration number). In basic application 9, the main job is taken into account for people with several jobs, with the purpose of matching up a single combination of employer and company registration number.

Furthermore, problems may arise when measuring **mobility**. Someone is considered to be job mobile when he or she changes jobs. But since we define a job on the basis of the combination of employee-employer, job mobility is not interpreted as a change of job, but as a change of employer. If the employee is linked to another employer, we speak of job mobility. We need to make a few important observations in this respect. Firstly, an employee who changes to a different job but who remains with the same employer is not rated as job mobile. The Datawarehouse only enables us to measure changes of employer. Secondly, the RSZ data and the RSZPPO data do not include information on local branches and the legal employer (i.e. his company registration number) is the only reference. If the employer has multiple branches and if the company carries out more than one activity, the geographic location of the company headquarters and/or the main activity is used.

Furthermore, the problem of 'administrative' mobility inevitably crops up to measure mobility when using administrative databases. It happens when the company registration number changes for administrative or economic reasons (for example, following a merger or take-over). Without employees changing jobs, their unique relationship employee (INSZ) - employer (company registration number) is altered with the result that they are considered to be job mobile. Changes of this nature occur *collectively* for all employees of the employer concerned.

Note: The table about annual mobility also includes the NACE-codes of the first and fifth quarter. In the case of mobility, we can not immediately assume that a shift took place from the sector of the first quarter to the sector of the fifth quarter. It is after all possible that the employees involved were also mobile in the course of the period (individually or collectively), for example between the second and third quarter. A look at the tables representing mobility on a quarterly basis will give a more accurate picture of shifts between sectors. The chance of interim mobility (within one and the same quarter) will be much smaller.

A large proportion of those drawbacks may be resolved in time. The pension registry data are currently being integrated into the Datawarehouse and a feasibility study is being carried out this year about people on income support. In the meanwhile, the Datawarehouse configuration is being adapted to e-government within the Social Security system, through an Agora project undertaken by the federal government. This will result in more accurate information surrounding the inflow and outflow, among other things.<sup>8</sup> A proposal to join the Crossroads Bank for Social Security network is awaiting formal approval from the Regions; it would open up the possibility of integrating information about jobseekers.

In the context of projects on the management of Social Security expenditure (avoiding double benefit payments), preparations are underway to integrate data relating to (payments made as a result of) accidents at work and work-related illnesses, among other information. That way, the Datawarehouse will eventually become an integrated database, which will allow the development of the active welfare state to be meticulously tracked.

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<sup>8</sup> Agora projects set out to get administrations and scientists to collaborate in order to reorganise the Belgian statistics system.

## **2. Panel on Mobility of Working-age population**

### **2.1 Background and brief description of the database**

A stratified sample was taken from the Datawarehouse in the context of a DWTC-project (project by the Federal Services for Scientific, Technical and Cultural Affairs). The sample was taken on the basis of figures **from the second quarter of 1998**, which is the first quarter the Datawarehouse was created for. The sample population was subsequently followed up each quarter **up to and including the third quarter of 2000**, which was the most recent quarter available from the Datawarehouse at the time the sample was taken. The sample design was drawn up by the Centre de Sociologie du Travail, de l'Emploi et de la Formation (TEF), in co-operation with the Resource Centre for Labour Market Research (Steunpunt Werkgelegenheid, Arbeid en Vorming, WAV). The Crossroads Bank for Social Security (KSZ) drew the actual sample.

For the purpose of the sample, the Datawarehouse population was divided up according to region, labour market position, town of residence, and for those at work also according to activity sector. The objective was not only to analyse mobility in the labour market, but also to examine the phenomenon of job mobility. Of most cells, 20% was retained in the sample. However, the final sample contained only 10% of some of the wage-earning groups. It was therefore necessary to reweigh the sample. Since only 10% was retained of a part of the population, we needed to weigh those statistical units twice. That way, we arrive at a **weighted sample**. However, another possibility is to **extrapolate the data from the sample to the total Datawarehouse population**.

Below, we will briefly run through the variables in the database incorporated for each social security institute. Furthermore, the database contains a number of variables giving more information about personal characteristics.

**The National Office for Social Security of the Provincial and Local Authorities**  
(Rijksdienst voor Sociale Zekerheid van de Provinciale en Plaatselijke

Overheidsdiensten, RSZPPO): Working hours, working regime, size of the employer in terms of total number of jobs, location of employer, company registration number of the legal employer, sector of employment, salary and importance of the job (whether the job for the provincial or local authorities is the main job).

**The National Office for Social Security** (Rijksdienst voor Sociale Zekerheid, RSZ): Size of the employer in terms of total number of jobs, sector of employment, sector code (public or private sector), code indicating whether the employer has one or more branches, status (labourer, administrator, civil servant), number of days full-time/part-time, work regime, RSZ percentage part-time, employer's headquarters, identical employer's number, salary and importance of the job.

**The state body responsible for social security of the self-employed** (Rijksinstituut voor de sociale verzekeringen der zelfstandigen, RSVZ): Professional code and importance of the job.

**Others:** Status, number of paid jobs, total number of jobs, number of jobs with the same employer, disability, age, district, region, nationality, gender and deaths during the quarter.

## 2.2 Possibilities and limitations

The *added value* of this sample compared to the Datawarehouse applications is two-fold: Firstly, the database contains a large number of variables that can be cross-referenced and that are not present in the basic applications. Secondly, the PMWP-database makes it possible to examine a longer period (10 consecutive quarters) than with the basic applications.

The *limitations* of the PMWP-database are for the time being still the same as the limitations of the Datawarehouse (with regard to the population, variables, missing socio-

economic data and administrative delays). However, when analysing the PMWP-database we need to take another couple of limitations into account.

The database did not allow for the drop-out rate. The people in the sample, who feature in the 2<sup>nd</sup> quarter of 1998 and who die in a subsequent quarter or who disappear from Datawarehouse (for example, those who shift to the professionally inactive segment of the labour market on which no information is available in the Datawarehouse) are not replaced in the database.

This has also implications with regard to the age distribution in the PMWP-database. The PMWP-database is a sample from the working population recorded in the Datawarehouse in the second quarter of 1998. The sample is therefore only representative for that quarter. During the nine consecutive quarters, we are consequently faced with a drop-out problem. The group of 15 to 17 year olds therefore becomes ever smaller. In the third quarter of 2000, this group is no longer represented at all because all have moved on to the next age group. These people are still represented in the database but in the following age group, since they all grew older in the course of the 10 previous quarters. In the table with the distribution by age, this distortion is clearly illustrated, but similar problems may surface with other variables.

One solution would be to supplement and update each database every quarter. However, this is not yet happening. We have consequently opted in our analyses to use the age distribution of the second quarter of 1998 to give a representative distribution. We must nevertheless allow for a small distortion. People may be aged 23 in the second quarter of 1998 and only flow into the self-employed status in the third quarter of 2000. We count these people among the 15 to 24-year olds although they actually belong to the category of the 25 to 39 year olds at the moment they flow into self-employment.

The PMWP-database is also vulnerable to a distortion in connection with job mobility. The corrections made within the Datawarehouse with regard to job mobility (on the basis

of a change in the unique employer's number) were not applied to the PMWP-database. In the analysis of the salary information in part 3, the distortion with regard to job mobility should therefore be taken into account.

A last limitation of the PMWP-database is the absence of the professionally inactive. The PMWP-database is a sample selected from the Belgian working population. The **professionally inactive segment** of the population is therefore not represented in our sample, with the exception of people in full-time career breaks or on a full-time bridging pension who are included in our sample. In other words, the second quarter of 1998 does not contain inactive people. However, the following quarters *do* include professionally inactive people. These are people who leave the labour market at a given moment and no longer form part of the working population. This restricts us if we wish to examine the inflow into a certain status. We can only give a representative picture of the inflow of those who already form part of the working population (including people taking full-time career breaks or in full-time bridging retirement). We already reported that our analysis of administrative delays showed that 5.6% of the inflow into the self-employed status comes from professional inactivity. These people belong to the working population in the second quarter of 1998 (and were consequently included in the sample), followed by a few quarters outside the labour market being professionally inactive and a shift to self-employment. Since this group does not give a representative picture of the inflow from professional inactivity, we chose to leave this inflow outside consideration in our analyses.

## **PART 2 ILLUSTRATIONS OF BASIC APPLICATIONS BASED ON DATAWAREHOUSE**

### **Introduction**

There are three basic applications from the Datawarehouse that make it possible to analyse mobility in the labour market. A first basic application relates to labour market mobility, a second to job mobility and a third to labour market mobility from an RVA-status. We will discuss a few examples.

### **1. Labour market mobility**

With the help of basic application 8, the labour market mobility of the population in the Datawarehouse can be mapped out. It involves a distribution according to gender, age, socio-economic position and work regime on the last day of a quarter and the socio-economic position and work regime on the last day of the following quarter, the four consecutive quarters or the four previous quarters.

Application 8 comprises three part-applications. **Application 8\_I** distributes the population according to district and it drafts out the socio-economic mobility between two consecutive quarters. **Application 8\_II** distributes the population according to region and it entails five different times when measurements are made, when the situation of the population is tracked over the four *following* quarters. **Application 8\_III** distributes the population according to region and it entails five different times when measurements are made, when the situation of the population is tracked over the four *previous* quarters.

The table below is an example of labour market mobility between two quarters. The rows reflect the socio-economic position in the second quarter of 2000 and the columns reflect that of the following quarter. For example, we see that 39 028 people were employed in the second quarter and registered as unemployed in the third quarter. That way, collective

currents between different labour market positions can be mapped out. The figures in bold reflect how many people remained within the same socio-economic position and were therefore not mobile.

**Table 2. Labour market mobility (Belgium; 2nd-3rd quarter 2000)**

3rd Quarter	Employed	Self-employed	Wage-earner + self-employed	unemployed	Bridging-pension	Career-break	Suspended unemployed	Other
2nd quarter								
Wage-earner	<b>2 973 032</b>	2 244	3 242	39 028	2 499	5 566	110	87 058
Self-employed	626	<b>578 412</b>	5 552	415	7	15	0	1 555
Wage-earner+ self-employed	1 058	6 156	<b>122 786</b>	27	4	0	0	72
Registered unemployed	37 796	939	37	<b>427 235</b>	61	3	633	19 246
Bridging retirement	246	5	1	19	<b>107 126</b>	0	4	2 025
Career break	4 315	148	5	95	0	<b>15 777</b>	0	1 030
Suspended jobseeker	87	5	0	230	4	0	<b>1</b>	444
Other	122 063	4 505	371	24 836	388	331	82	<b>1 718 787</b>

Source: KSZ-Datwarehouse Basic application 8 (Processing Steunpunt WAV)

On the basis of these tables, we can calculate various indicators, such as inflow and outflow rates. That way, for example, we can calculate an outflow rate for the registered unemployed: of the 486 318 registered unemployed in the first quarter, 59 083 (i.e. 486 318 – 427 235) are no longer unemployed in the following quarter, which represents an outflow rate of 12.1%. The majority of the registered unemployed (37 796) have moved on to a paid job.

By introducing other variables like age or gender into these flow tables, it becomes possible to carry out comparative analyses. That way, we can examine which demographic groups run a greater risk of flowing from paid employment to unemployment or which of the suspended unemployed has the best opportunity to return to the labour market.

## 2. Job mobility

In basic application 9, the population is limited to people who are employed in their main occupation (nomenclature of positions 1.1 and 1.4.1 excluding 1.1.1.1.5, the short-term occasionally employed<sup>9</sup>) during the entire period studied. This application consists of three part-applications. *Application 9.I* distributes the working population according to district and it drafts out the socio-economic mobility between two consecutive quarters. *Application 9.II* divides up the working population according to region and it involves two separate measurement times, starting from the employed population in a quarter of a year and the situation of the population in the same quarter of the following year allowing year-on-year mobility to be measured. A few tables contain five moments of measurement, whereby the situation of the employed population is reflected in a quarter and the four consecutive quarters.

When we select people who changed jobs in 2000, we can see whether these job mobiles left their sector of employment for another one. In the example below, we selected all people working in NACE-sector 72 (Computer and related activities) who changed employers between one quarter and the next.

**Table 3. Outflow from NACE 72 per sector (Belgium; average quarter in 2000)**

NACE-code	2nd Quarter										Total of job mobiles	
	1st Quarter	72.1	72.2	72.3	72.4	72.5	72.6	51.6	64.2	74.1	Rest	(%)
72.1	<b>20.9</b>	19.0	2.3	0.4	0.6	0.5	11.4	5.5	6.8	32.5	100	676
72.2	16.8	<b>22.6</b>	1.7	0.6	0.3	0.2	9.6	5.4	7.0	35.8	100	728
72.3	12.0	19.4	<b>0.8</b>	0.4	0.4	0.0	6.6	7.0	5.4	47.9	100	61
72.4	5.0	13.7	0.7	<b>3.6</b>	0.0	0.0	10.8	10.1	6.5	49.6	100	35
72.5	13.7	1.1	1.0	0.0	<b>1.7</b>	1.7	22.3	5.7	3.7	39.3	100	75
72.6	10.9	7.3	3.6	1.8	0.0	<b>3.6</b>	5.5	7.3	21.8	38.2	100	14
72	17.9	20.1	1.9	0.6	0.5	0.4	10.9	5.7	6.8	35.4	100	1 588

Source: KSZ-Datwarehouse Basic application 9 (Processing Steunpunt WAV)

<sup>9</sup> A local temporary employment agency is a service, accredited by the Minister for Employment and Labour, which offers jobseekers a chance to carry out some paid work in an entirely legal way with retention of their unemployment benefit.

In 2000, an average of 676 people works in NACE 72.1 in the first quarter and in another job in the following quarter. Of those, 20.9% remain within the same sector. The others move on to another sector: related sector NACE 72.2 accounts for a large proportion. Furthermore, NACE 51.6 (Wholesale of machinery, equipment and supplies) is also a major destination. NACE 74.1 (Lease of other commodities) and 64.2 (Telecommunications) are at the receiving end of a considerable proportion of job mobiles from sector 72.1. The picture is very similar for job mobiles from NACE 72.2, for which NACE 72.1 forms a significant destination. However, for the other subsectors of NACE 72, the proportion remaining within the same sector is significantly smaller.

### 3. Combination of labour market mobility and job mobility

We can also integrate job mobility and labour market mobility within one analysis, by combining certain databases of the basic applications. For example, it is possible to analyse the inflow into a paid job in NACE sector 72 (Computer and related activities).

**Table 4. Inflow into paid jobs in NACE-sector 72 (Belgium; average quarter in 2000)**

NACE-code	Number of employees <sup>10</sup>	Inflow from other job		Inflow from self-employment		Inflow from unemployment		Inflow from inactivity		Total inflow	
	(n)	(n)	(%)	(n)	(%)	(n)	(%)	(n)	(%)	(n)	(%)
72.1	13 229	751	5.7	38	0.3	70	0.5	438	3.3	1 297	9.8
72.2	17 607	977	5.5	47	0.3	76	0.4	637	3.6	1 736	9.9
72.3	2 196	83	3.8	3	0.1	8	0.4	50	2.3	144	6.6
72.4	1 102	63	5.7	3	0.2	9	0.8	33	3.0	108	9.8
72.5	1 877	61	3.2	4	0.2	9	0.5	53	2.8	126	6.7
72.6	193	31	15.8	2	1.2	7	3.4	22	11.4	61	31.7
72	36 205	1 965	5.4	96	0.3	178	0.5	1 233	3.4	3 471	9.6
Total	3 235 914	73 414	2.3	7 122	0.2	36 087	1.1	108 885	3.4	225 507	7.0

Source: KSZ-Datawarehouse Basic applications 8 and 9 (Processing Steunpunt WAV)

We see that, on a quarterly basis, 438 people flowed into sector 72.1 (Hardware consultancies) from professional inactivity. That is 3.3% of the total number of people in sector 72.1 who are wage-earners in their main occupation.

<sup>10</sup> Their main occupation is as wage-earner.

Overall, we note that 7.0% of all people in Belgium who are employed in their main occupation were not working in their current job one quarter earlier. Therefore, they must have flowed into their job during the last quarter. Approximately half of those (3.4%) flowed in from inactivity. Another large group flowed in from another job (2.3%) – these are the so-called job mobiles. In addition, 1.1% came from unemployment and a small group (0.2%) from self-employment.

A look at sector NACE 72 reveals that the proportion of people flowing into this sector lies above (9.6%) average. The difference lies especially in the higher proportion of people flowing in from another job (5.4%). The differences are rather limited between the subsectors of NACE 72.

#### **4. Labour market mobility from an RVA-status**

Basic application 10 deals with the labour market mobility of people who receive benefits from the RVA. Basic application 10 has three components. Basic application 10\_I relates to mobility between two consecutive quarters. Basic application 10\_II starts from the population demarcated in quarter Q/year Y and it follows these people up until quarter Q/Y+1. Basic application 10\_III starts from the population demarcated in quarter Q/year Y+1 and it looks back at the situation of these people up to quarter Q/year Y. Both basic applications 10\_II and 10\_III cover 5 consecutive quarters.

At the end of June 1999, approximately 387 000 people in the Flemish Region were receiving benefits from the RVA. With a total of 150 400 people, people in bridging retirement and older unemployment accounted for just under 40% of this number. Another large group is formed by the jobseekers, who made up 35% of the population. (133 400 people). Furthermore, people on career breaks, employees with RVA-support and locally short-term employed all belonged to the population receiving benefits from the RVA.

After one year, exactly half of all Flemish jobseekers on unemployment benefit in June 1999 have retained the same status. More than one fifth, on the other hand, have found a job or became self-employed, whereas one in ten left the labour market. Large differences can be found between the Belgian regions: in the Walloon region and the capital region of Brussels, two thirds of jobseekers are still registered as jobseekers one year later. The outflow to work is smaller in those regions than in the Flemish Region: only just over 15% of the Walloon and Brussels jobseekers is working one year later.

In order to help jobseekers find work, the unemployment benefit may be 'activated' as a 'loan contribution' which the employer is allowed to deduct from the net salary. In June 1999, 5 600 people in Flanders participated in this type of activation programme (job plan, transition-to-work or redeployment scheme, first work experience, sheltered workplaces). More than 70% of participants were in work one year later. One fifth even managed it without the activation allowance. The proportion of people managing to remain at work without financial support declines with age: with the youngsters, it is over one third while the proportion with the over-fifties has dwindled to one-third. Men and women also differ in this respect: 75% of male participants are at work one year later, compared to 69% of female participants (Table 5).

The majority of participants in a programme in June 1999 who have not found work after one year end up back in unemployment (16.5%). This proportion is higher among women and children. Approximately one tenth of the older participants to an activation programme are exempt from the requirement to actively look for work and to report as unemployed in the system of the older unemployed.

Again, the figures between the Belgian regions differ. The Walloon region deviates most sharply from the Flemish profile: 84% of participants to an activation scheme is still in work one year later, although only 12% of these are managing it without the allowance of the National Employment Office. The return flow back into unemployment is only half as big in the Walloon Region compared to the Flemish Region.

In June 1999, the system of locally temporary employed (PWA's) deployed approximately 8 700 job-seekers, which exempted them from reporting as unemployed. More than 90% of these were women, which gives the system a pronounced female profile. The system of locally temporary unemployed is less successful in helping jobseekers find regular work. In June 2000, more than half of those who were locally temporary employed in June 1999 were still active within the scheme. The outflow to work from the local temporary employed is minute: less than 5% are in work one year later. In addition, slightly over one fifth ended up back in the 'traditional' jobseekers system.

**Table 5. Labour market position in June 2000 of participants in activation programmes in June 1999 (Flemish Region, Walloon Region, Brussels Region; June 2000)**

	Flemish Region						Walloon Region	Brussels Region
	Total (n=5616)	Men (n=2316)	Women (n=3300)	18-24 (n=456)	25-49 (n=4899)	50-64 (n=261)	Total (n=4504)	Total (n=820)
In work (employed or self-employed)	20.2	21.3	19.4	34.0	19.3	13.4	12.4	18.9
In work with activation support	51.6	54.3	49.7	32.0	52.7	64.0	71.7	58.5
Jobseeker	16.5	15.1	17.4	21.7	16.6	4.2	8.8	14.9
Not professionally active	7.3	7.0	7.5	7.7	7.4	5.7	5.0	4.8
Other	4.5	2.3	6.0	4.6	4.0	12.6	2.1	2.9
Total	100	100	100	100	100	100	100	100

Source: KSZ-Datawarehouse Labour market data (Processing Steunpunt WAV)

On the basis of these analyses, the Datawarehouse enables us to examine the flows between various labour market positions and sectors. These small exercises show a glimpse of what can be achieved with the Datawarehouse but they are by no means exhaustive. There is a much greater scope for examining mobility patterns in and around the labour market. Time will tell what analyses creative researchers can come up with!

## **PART 3 ILLUSTRATIONS OF THE PMWP-DATABASE**

### **Introduction**

The PMWP-database can be used to investigate different aspects of the labour market in Flanders. We will use the database mainly to analyse the theme of mobility in the labour market, but a prerequisite for understanding the database properly, is to elaborate on the characteristics of the people in the sample, i.e. the distribution by labour market position. Afterwards, we will identify a few currents on the labour market with the aid of the 'transitional labour market concept' of Günther Schmid. We will look at the options for mapping out changes in labour market positions between two points in time.

The PMWP-database does not only allow comparisons between labour market positions at two different moments, but also enables us to construe the course of (individual and collective) working lives. Further in this paper, we will look at the various inflows and outflows from a number of labour market positions. In addition, we will work out our own specific example. We will examine whether employees who change jobs end up in a higher salary group.

### **1. Distribution by status**

#### **1.1 Distribution in the 2<sup>nd</sup> quarter of 1998**

The original sample contains a fairly basic distribution by employment status. The distribution is shown in Table 6. The people who form part of the 'Others' group are those the Datawarehouse has no information on, for example housewives or househusbands.

**Table 6. The distribution by status**

No	Status
1	Unemployed (registered and exempted)
2	Suspended unemployed
3	Wage-earners and self-employed
4	Self-employed
5	In full-time career break
6	On full-time bridging pension
7	Wage-earners
8	Other

Because this distribution by status is rather limited, we have created a new variable in the database, '**status\_q**', allowing for more distributions according to labour market position. This variable reflects a broader distribution by socio-economic position. For the subsequent analyses, we will not always use this comprehensive distribution by status, but we will combine several positions, dependent on the research subject. Table 7 below represents the different positions of this broadest of variables.

**Table 7. Distribution by labour market position according to variable status\_q**

No	Status
1	Unemployed
2	Suspended unemployed
3	Locally provisionally employed with dispensation
4	Wage-earner and self-employed (main occupation)
5	Wage-earner (main occupation) and self-employed
6	Wage-earner (agency work, main occupation) and self-employed
7	Self-employed (incl. assistants)
8	Full-time career break
9	Full-time bridging pension
10	Full-time wage-earner
11	Part-time wage-earner
12	Employed, unknown whether full-time or part-time
13	Wage-earner, special work regime (RSZ)
14	Wage-earner doing agency work
15	Other
16	Deceased

In the tables in annex A1, this variable is subdivided for Belgium in the second quarter of 1998 into gender (A), region (B), age (C) and nationality (D). Immediately obvious from the tables is that no-one is contained under nomenclature positions 2, 15 and 16. This is evident for **positions 15 (other)** and **16 (deceased)**. After all, these are the people whose

details are not incorporated in the Datawarehouse. In later quarters, the people who flowed out of the Datawarehouse will be contained in these two categories. Those people have either died (position 16) or ended up in a position on which Datawarehouse holds no information (position 15). For example, they are retired, housewives, househusbands or jobseekers who don't qualify for full-time unemployment benefit. Since the tables relate to the first quarter of the database (second quarter of 1998), quite naturally no-one will belong to these categories from the start.

**The suspended unemployed (position 2)** no longer feature in the tables, either. At the time the sample was taken, a conscious decision was made not to include this group for technical reasons. However, it is possible to verify on the basis of the database which unemployed are suspended in the course of the studied period (from the third quarter of 1998).<sup>11</sup>

In the first table (A1.A) the distribution is made according to gender. Firstly, we note that the database contains **more men (58.4%) than women (41.6%)**. After all, the database relates to the working population and women are over-represented in the inactive segment. If we compare the distribution by status among men and women, we note that the proportion of unemployed, people on full-time career breaks and part-time workers lies higher among women than among men. On the other hand, the proportion of self-employed, full-time wage-earners and people on full-time bridging pensions lies significantly higher among men.

In table A1.B, the distribution is made according to **region**. From the table, we can tell the regional differences with regard to unemployment. In the Flemish Region, approximately 8.7% of the population belongs to the unemployed segment, while this proportion is respectively 17.7% and 16% for the Brussels-Capital Region and the Walloon Region. Another distinct difference is that in the Flemish Region, a larger proportion of people are working full-time. In the Flemish Region, the percentage

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<sup>11</sup> The Belgian unemployment insurance has a procedure for suspending certain unemployed, if it is assumed that they are no longer willing to work, to compensate for the unrestricted duration of the benefit.

amounts to 53.1%, compared to 48% for the Walloon Region and 46.8% for the Brussels-Capital Region.

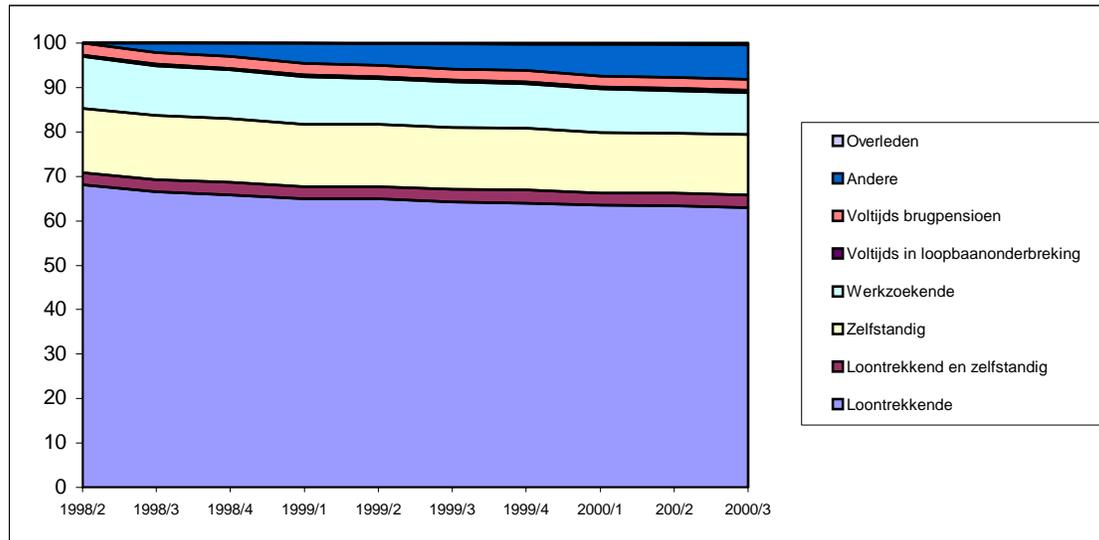
With regard to **age** (Table A1.C), it appears that the middle age group is well represented in the database. No surprises here, since the middle age group is the most active group in the labour market. The youngsters (students) and the older group (pensioners) are more strongly represented in the professionally inactive group compared to the middle group. In the group of the 18 to 24 year olds, the proportion of unemployed lies fairly high (16 to 17%). Also striking is the fairly large proportion of unemployed in the older age groups. With the 55 to 59 year olds, the proportion even rises to 20%. This is surprising because the unemployment rate among older people is usually fairly low in Belgium. The explanation can be found in the construction of the variable of the labour market position (Table 2), on the basis of which we construed the variable 'status\_q982'. After all, the group of unemployed consists of people with Datawarehouse nomenclature position n2 (jobseeker registered with the RVA) and people with position n303 (dispensation from reporting as unemployed). A fair number of older people find themselves in the latter position of 'older jobseekers exempt from reporting', resulting in a reasonably large proportion of unemployed in this group.

A last table (A1.D) discussed in this section makes the distribution by status and **nationality**. The weak labour market position of non-Belgians is clearly illustrated in the table. The proportion of unemployed is the lowest among Belgian nationals (10.9%), followed by people originating from another EU member-state (19.2%). By far the largest proportion of unemployed can be found among people with a nationality from outside the European Union (31.2%). A similar picture can be seen when looking at the rate of full-time employed. This proportion is in fact a fair bit higher (51.8%) among Belgians than among nationals from other EU member-states (43.4%). Among people originating from a country outside the European Union, the proportion is still a great deal lower at 34.6%.

## 1.2 Evolution between the second quarter of 1998 and the third quarter of 2000

Figure 2 shows the evolution of the distribution by status between the second quarter of 1998 and the third quarter of 2000. In order to keep the figure surveyable, we use a less extensive distribution by status. The figure clearly shows the effect of the 'drop-out'. In the starting quarter, the categories 'other' or 'deceased' are empty because these people are not included in the sample in view of the Datawarehouse structure. In the final quarter of the database (third quarter of 2000), more than 8% of the sample belong to one of the two groups.

**Figure 2. Evolution of the distribution in the sample (Belgium; second quarter 1998 – third quarter 2000)**



Source: PMWP-database (Processing Steunpunt WAV)

## 2. Who continues to work full-time?

Despite the increase of the proportion of people working part-time, the status of **full-time wage-earner** remains the **norm** in the Belgian labour market. Both with respect to building up social insurance entitlements as in terms of pay, a full-time job is the norm. In this section, we look at who stands a better chance of obtaining full-time paid work, but also which people stand a better chance of remaining in full-time paid work for the entire period studied.

Earlier in this paper, it already became obvious that men stand a better chance of being in full-time paid work than women. Furthermore, people with a Belgian nationality and who are living in the Flemish Region are also more likely to be employed in comparison with respectively people with other nationalities and residents of the Walloon or Brussels-Capital Region. In this part, we examine which people remain employed during the entire studied period. In addition, this time we will also use the 'activity sector' variable. Table A2 in annex shows which proportion of full-time employees in the second quarter of 1998 remain in full-time paid work during the entire period. This proportion remains significantly higher among **men** (80.3%) compared to **women** (67.6%).

The weaker labour market position of **younger as well as older people** is also apparent from the table. The 15 to 24 year olds and the 50 to 64 year olds who are employed in the second quarter of 1998 stand the smallest chance of remaining full-time employed during the entire period studied (62.6% and 68.1% respectively). The proportion lies a great deal higher among the 25 to 39 year olds (77.4%) and particularly among the 40 to 49 year olds (84.4%). However, we should not consider this as negative by definition for the older group. For example, it is possible that a proportion of the older group have moved on to retirement or that they made a conscious decision to switch to part-time work towards the end of their working life. Some older people are nevertheless 'forced' to work part-time.

The disadvantaged position of **immigrants** compared to Belgian nationals is also illustrated in annex A2. People with nationalities from outside the European Union who were working full-time in the second quarter of 1998 have considerably less chance of remaining in full-time employment (57.1%) during the entire period compared to Belgians (76.8%).

Clear differences can also be observed by **sector**. In the secondary sector, the subsectors 'metallurgy' and 'generation and distribution of electricity, gas, steam and warm water' where full-time employees stand a relatively good chance to remain in full-time employment during the entire period studied (85.2% and 81.6%). In the tertiary sector, this particularly applies to 'financial intermediation' (81.5%) and 'IT' (79.9%). Lastly, in the quaternary sector, the full-time wage-earners in the 'public administration' (83.5%) and 'justice, defence and public safety' (89.1%) stand the best chance of remaining in full-time wage-earning jobs. Sectors where full-time wage-earners have little chance of retaining the same status are the 'hotel and catering industry' (50.8%) and the sector 'labour recruitment and the provision of personnel' (55.7%), which is the agency work sector. To what extent the differences by sector are explained by the personal characteristics of the wage-earners working in those sectors is still open to further investigation.

#### *In summary*

Because a job as a full-time wage-earner is still the norm in the Belgian labour market, it is not only important to investigate who is carrying out full-time wage-earning work, but also to examine which of the full-time wage-earners stands the best chance to remain in full-time work. In this section, we saw that men have a better chance compared to women to remain in full-time wage-earning work. Furthermore, we illustrated the weak labour market position of youngsters, older people and immigrants with the help of our application. After all, they stand less chance of remaining in full-time wage-earning work. Differences were observed between different sectors.

### 3. Shifts between work and unemployment

A second important current in the model of the transitional labour market is the shift from paid work to unemployment (and vice versa). Table 8 shows the extent of these (mutual) currents in the PMWP-database. A comparison is made between two points in time (the second quarter of 1998 and the second quarter of 2000) and the shifts between work and unemployment are divided up by gender, nationality, region and age.

**Table 8. Shifts between the working and unemployed segment by gender, nationality, region and age (Belgium; 2<sup>nd</sup> quarter 1998 – 2<sup>nd</sup> quarter 2000)**

(%)	From unemployment to employment	From work to unemployment
Total	22.4	2.5
<b>Gender</b>		
Men	24.2	2.0
Women	21.1	3.2
<b>Nationality</b>		
Belgians	23.0	2.3
Non-Belgians, EU-subjects	19.3	4.2
Non-Belgians, non-EU-subjects	18.0	8.6
<b>Region</b>		
Flemish Region	23.0	2.0
Walloon Region	22.2	3.1
Brussels-Capital Region	21.4	4.2
<b>Age</b>		
15-24 yrs old	46.0	5.0
25-39 yrs old	33.2	2.4
40-49 yrs old	17.7	1.9
50-64 yrs old	2.1	2.2

Source: PMWP-database (Processing Steunpunt WAV)

A first important observation is that after two years, the vast majority of both workers and unemployment have not transferred from work to unemployment and vice versa. Only 22.4% of the unemployed in the second quarter of 1998 belong to the working segment in the second quarter of 2000. This is partly explained because even the unemployed on benefits given dispensation from reporting are included among the unemployed in the PMWP-database. After all, from figures obtained with basic application 8 of the Datawarehouse, we know that only 8.5% of the total group of unemployed with dispensation in the second quarter of 1998 flowed through to the working segment of the

labour market group in the last quarter of 1999<sup>12</sup>. The unemployed exempt from reporting largely consist of older people and this older group very rarely finds a way back to wage-earning work. This does not go to say that the other jobseekers supported by the RVA readily flow through to wage-earning work. Indeed, the same basic application shows that only 26.7% of this group of jobseekers (excluding exempted unemployed) belong to the working segment of the labour market in the fourth quarter of 1999.

More than three quarters of all jobseekers (including the exempted unemployed) did not succeed to join the working group two years later. The working group's mobility in the other direction (from work to unemployment) was fortunately less common. Of all people in the sample who were wage-earners during the initial quarter, only 2.5% ended up unemployed two years later.

The division by gender makes it clear that a few high-risk groups in the labour-market are not only less often in work, but that a larger proportion of the wage-earners in those groups move from the working to the unemployed segment of the labour market. Of all working women in the second quarter of 1998, 3.2% is unemployed two years later. Among the men, the rate is only 2%. This proportion is significantly lower (2.3%) among Belgian nationals than among other EU-citizens (4.2%) and certainly in comparison with nationals from non-EU countries (8.6%). Furthermore, it appears from Table 8 that these groups stand less chance of moving from unemployment to the employed group.

A look at the distribution by age partly confirms this observation. The proportion of unemployed in the older age groups that moved to the working segment two years later is significantly lower (2.1% with the 50 to 64 year olds) than the Belgian average (22.4%). Also for the current from work to unemployment, clear differences according to age emerge. The proportion of working youngsters that will end up in unemployment after two years is higher than the proportion of older people moving to unemployment. With redundancies, it is often the case that youngsters (on a temporary contract) are the first to

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<sup>12</sup> Mobility over a longer period as in the PMWP-database cannot be mapped out with the help of the basic applications.

be made redundant or not to have their temporary contract extended. But in addition, it also transpires that significantly more unemployed youngsters flow through to wage-earning work (46%) than the other age groups (Table 8). The scenario for the younger people is therefore less unequivocal than among the women and people with a foreign nationality. These latter groups more readily flow from work to unemployment and less easily from unemployment to work. With youngsters, the situation is different. The proportion that moves from work to unemployment lies above average, but then younger people also tend to find their way (back) more readily from unemployment to work.

The regional differences in the Belgian labour market are also clearly illustrated in Table 8. Flemish unemployed transit more readily to work (23%) in comparison with those of the Walloon Region (22.2%) and Brussels (21.4%). Flemish workers are also less likely to flow through to unemployment (2%) than their Walloon (3.1%) and Brussels colleagues (4.2%).

#### *In summary*

We remember two important findings from Table 8. Firstly, it appears that work generates work and that unemployment spawns unemployment. What we mean by that is that the majority of unemployed and a large majority of workers still belong to the same segment of the labour market two years after the initial quarter (second quarter of 1998). Secondly, the less favourable position of a few high-risk groups becomes obvious with the help of these mobility currents. The regional differences in the Belgian labour market are also underscored via the analyses. On the one hand, unemployed belonging to a so-called high-risk group or who live in certain areas flow less often to the working part of the labour market; on the other hand, the workers belonging to these groups are more often found to be unemployed two years later than the *complementary groups*.

#### 4. Analysis of pay-related information in the PMWP-database

For the wage-earners (RSZ and PPO), the database contains the variable 'average daily wage'.<sup>13</sup> With the help of this variable, we can examine whether the average daily wage increases after a job change. In order to carry out this analysis, we have isolated the group of wage-earners who remain so during the entire period. Our research group consists of 271 220 people. After weighting, there are 500 000 people, which is 79.5% of all wage-earners in the second quarter of 1998. We subsequently check whether these wage-earners changed jobs in one of the following quarters. We identify them by means of the company registration number of the legal employer for wage-earners registered with the RSZPPO and with the employer's 'pilot number' for wage-earners registered with the RSZ. If the wage-earner becomes linked to another registration number in the database in the course of the period, we consider that particular wage-earner job mobile.<sup>14</sup> The 'average daily wage' variable is divided into categories in order to identify only the wage increases that will exceed the earnings groups. The figures presented here should be treated with some caution, but a few clear trends emerge nevertheless.

Of the research population, 18.1% changed to another (wage-earning job) during the investigated period. However, the majority (81.9%) continues to work in the same job. Table 9 shows which proportion of wage-earners in the third quarter of 2000 ended up in a higher earnings group (compared to the second quarter of 1998). We compare the wage-earners who changed jobs with the reference group which did not change jobs. The advantage of this method is that we can isolate the effect of job mobility. After all, the size of the wage depends on several factors, for example the number of years in service and (the chances of) promotion. By comparing the group that has changed employers to

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<sup>13</sup> The average daily wage is a derivative, calculated on the basis of the normal gross pay, on the basis of which the social insurance contributions are calculated. In this calculation, the only pay taken into account is directly related to the work carried out in terms of paid days and/or paid hours. No account is taken of double holiday pay, premiums, profit-sharing, thirteenth month, bonuses or similar advantages, nor of redundancy packages.

<sup>14</sup> This is only an approximation of the job mobility. The problem does not arise in the Datawarehouse because it undergoes corrections. However, these corrections are not carried out on the PMWP-database.

the wage-earners who remain with the same employer, we assume that these factors have a similar effect on the progression of the wage in both groups.

Table 9 demonstrates that by the third quarter of 2000, 54.9% of salary-earners have moved on to a higher earnings group compared to the second quarter of 1998. We find that a larger proportion of the job mobiles ended up in a higher earnings group (61%) compared to the wage-earners who remained with the same employer (53.5%). The relationship between those two proportions is 1.14. In fact, this means that job mobiles were 14% more likely to end up in a higher wage category during the examined period. It brings us to conclude that changing (wage-earning) jobs has a positive influence on the height of the average daily pay.

The effect can nevertheless vary depending on the earnings group the wage-earners find themselves in during the initial quarter. We roughly distinguish three earnings groups. The first group consists of wage-earners with an average daily wage of up to 80 euro. In this group, the proportion of wage-earners improving their earnings is always higher among the job mobiles than among those who remain with the same employer. The difference in this group ranges between a minimum of 12% and a maximum of 38%. The wage-earners who earned an average of between 80 and 125 euro a day in the second quarter of 1998 constitute the second category. The difference between job mobiles and other wage-earners is only small here. In some earnings groups, the proportion of wage-earners reaching a higher earnings group lies even lower among the wage-earners who changed jobs. The wage-earners with an average daily wage of between 125 and 150 euro form the last group. The difference between job mobiles and other wage-earners has become significant again (a difference of 38%). Wage earners with a relatively high wage who change to another wage-earning job, consequently have considerably more chance to end up in a higher earnings group than the wage-earners (with a relatively high wage) who don't change employers.

With all this, we must point out that the higher the earnings group, the smaller the proportion of wage-earners to reach it during the investigated period, regardless of

whether the wage-earners changed jobs. Overall, the proportion of wage-earners reaching a higher earnings group is consequently higher in the lower earnings groups (where there is more room for improvement). However, the previous paragraph only dealt with the size of the difference between wage-earners who remained with the same employer and wage-earners who changed to a different employer.

The distribution by age teaches us that this difference between job mobiles and other wage-earners exists in all age groups. The proportion of wage-earners reaching a higher earnings group in the third quarter of 2000 is consistently higher among the job mobiles. The difference between both groups is much more pronounced with the youngsters than with the holder age groups. The influence of changing jobs on the pay packet is consequently greater for younger people than for the older age groups.

**Table 9: Proportion of wage-earners reaching a higher earnings group with or without job mobility (Belgium; 2<sup>nd</sup> quarter 1998 – 3<sup>rd</sup> quarter 2000)**

Average daily wage	Total			Total
	No mobility	Mobile	Ratio	
< 50	75.6	87.3	1.15	79.3
50-60	51.4	70.9	1.38	57
60-70	52.2	60.9	1.17	54.3
70-80	55.2	61.6	1.12	56.5
80-90	56	57.9	1.03	56.3
90-100	60.4	58.5	0.97	60.1
100-110	62.8	58.8	0.94	62.3
110-125	47.9	51.2	1.07	48.3
125-150	31.2	43.2	1.38	32.7
>150	0	0		0
Total	49.1	57.3	1.17	50.6
Total without >150	53.5	61	1.14	54.9
15-24 yrs old	60.4	68	1.13	63.5
25-39 yrs old	57.6	62.9	1.09	58.7
40-49 yrs old	51.2	52.2	1.02	51.3
50-64 yrs old	40.8	43.8	1.07	41.1
Other	36.1	46.1	1.28	37.1
Belgian	53.5	61.2	1.14	54.9
Other EU	53.5	60.2	1.13	54.8
Non-EU	49.7	56.1	1.13	51.5
Men	56.3	62.6	1.11	57.5
Women	49.8	58.7	1.18	51.3

Source: PMWP-database (Processing Steunpunt WAV)

In the first instance, the division by nationality shows a difference between job mobiles and those who remain with the same employer, which exists among Belgians, wage-earners with another European nationality as well as with wage-earners with a non-European nationality. Secondly, it transpires that wage-earners with a nationality from outside the European Union stand less chance to reach a higher earnings group than wage-earners from within the European Union, regardless of whether they change jobs or not. This analysis consequently also shows the weaker position of non-European immigrants in the Belgian labour market.

The same applies to women: the proportion of women reaching a higher earnings group in the third quarter of 2000 (51.3%) is after all lower than the equivalent proportion of

men (57%). In addition, the difference between job mobiles and wage-earners who remain with the same employer exists among men as well as women. The difference is nevertheless more pronounced among women (18%) compared to men (11%).

*In summary*

We can conclude from the above that approximately 55% of wage-earners from the database reached a higher earnings group in the third quarter of 2000 compared to the second quarter of 1998. Not everyone stands an equal chance to end up in a higher earnings group. As a general rule, the higher the earnings group in the initial quarter, the lower the chance to reach a higher earnings group in the third quarter of 2000. Older people, immigrants and women also stand less chance to do so than younger people, Belgian citizens and men.

Furthermore, we studied the difference between job mobiles and other wage-earners. We saw that changing to another (wage-earning) job has a positive influence on the average daily wage. Anyone changing jobs has 14% more chance to end up in a higher earnings group in the third quarter of 2000 compared to wage-earners who stay in the same job. However, this is not the case for all wage-earners. Workers earning an average of less than 80 euro a day in the second quarter of 1998 stand a relatively good chance to reach a higher earnings group compared to wage-earners on an average of between 80 and 125 euro a day. Then again, workers earning an average daily wage of between 125 and 150 euro stand a relatively good chance of reaching a higher earnings group. In addition, the difference is greater among younger people and women than in the older age groups and among men. The differences by nationality are relatively minor.

## 5. Analysis of the currents into and out of self-employment

With a view to achieving the ambitions of the active welfare state – to get as many people into work as early as possible and for as long as possible - the government has been strongly promoting self-employment as an opportunity for youngsters to flow into the labour market or as a 'soft' outflow option for older people. Since the RSZV also forms part of the Datawarehouse, the PMWP-database among others makes it possible to examine currents into and out of self-employment. Firstly, we look at who is self-employed in the second quarter of 1998 and who remains it. Then we discuss the group flowing out of self-employment. Finally, we look at the 'new self-employed' who turn to self-employment in the course of the ten quarters studied.

For the sake of the analysis, we divide the self-employed into three groups. In the second quarter of 1998, we count 640 180 self-employed. Of this group, 84% remain self-employed during the subsequent nine quarters (*the first group*) and 14.3% flow out to another status (*the second group*). The remainder amounts to 1.8%. This group goes through a break in their self-employment, but it only lasts up to three quarters. They are therefore not included with the people flowing out. On the basis of the ten consecutive quarters we have information on, we can also look at people flowing into self-employment (*the third group in our analysis*). Since we examine the labour market position of these new self-employed one year earlier, the first new self-employed only start from the second quarter in 1999.<sup>15</sup> These have a different status in the second quarter of 1998. The following group flowing in are people who started a self-employed activity in the third quarter of 2000. For the people flowing in, we will study their labour market situation of the third quarter of 1998. The last group of people flowing in starts a self-employed activity in the third quarter of 2000. All these people flowing in form the group of 'new self-employed'. They amount to 65 615 people. In what follows, we compare these groups to each other. We do it in two ways. Firstly, we note the personal characteristics of the self-employed in the various groups and examine whether they

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<sup>15</sup> We study the inflow into self-employment on a year basis because of the problem with administrative delays (see part 1).

differ in any way. Secondly, we examine whether certain groups of people compared to other groups of people are more likely to remain self-employed or to exit that status.

### **5.1 Comparing the groups**

Firstly, we will juxtapose the different groups of self-employed in a comparative table. We will add a fourth group to the previous three: the self-employed of the second quarter of 1998. As a matter of fact, this is an initial group, part of which remains self-employed (the long-term self-employed) and part of which leaves self-employment (the outflowers). The fourth group is made up of the newly self-employed (the inflowers).

Annex A3 juxtaposes the groups on the basis of a few characteristics. The self-employed group of the second quarter of 1998 largely consists of men (70.7%). The largest proportion of them lives in the Flemish Region (61.5%) and are aged between 25 and 39 (37.4%). The majority are Belgian nationals (92.8%). These are the main characteristics of the self-employed in the second quarter of 1998.

These characteristics in principle also apply to the other three groups. For example, since there are more male self-employed, we will find a larger proportion of men among the long-term self-employed, both among those flowing in and out of self-employment. However, the proportions differ somewhat for the three groups.

The characteristics of the self-employed in the second quarter of 1998 are somewhat magnified with the long-term self-employed. They contain a slightly higher proportion of men (71.8%), inhabitants of the Flemish Region (62%) and Belgian citizens (93.4%). As far as age is concerned, we see no great differences. Only the proportion of 40 to 49 year olds is slightly higher compared to the self-employed of the second quarter in 1998.

Those characteristics are nevertheless less pronounced among the self-employed leaving the status compared to the self-employed of the second quarter of 1998. The proportion of men is much lower (64.4%). A smaller proportion of the departing self-employed lives in

the Flemish Region (57.7%). We also find more 15 to 24 year olds and people aged 65 and over. The proportion of 40 to 49 year olds is remarkably smaller (18.8%).<sup>16</sup> Those who are no longer self-employed are also slightly more likely to be of European or non-European origin than the self-employed in the second quarter of 1998.

Finally, there is the group of newly self-employed. Women seem slightly more likely to take the initiative in the second quarter of 1998. Approximately one third of people flowing in are women. This shows that the emancipation of women in the labour market is now also extending to the proportion of women starting a self-employed activity. The inhabitants of the Brussels-Capital Region are also slightly more represented among those flowing into self-employment (10%). But this is only at the expense of inhabitants of the Walloon Region. The remarkable fact emerging from the age distribution is that the younger age groups in particular are more likely to launch a self-employed activity. Nearly three quarters of people flowing in are younger than 39 years old, 57.7% of which are between 25 and 39 years old. From the distribution by nationality, we see that people with a non-European nationality are slightly more likely to flow into self-employment than average in the second quarter of 1998 at the expense of people with a European nationality.

## **5.2 Those who stay and those who go**

We subsequently compare the group of long-term self-employed with people leaving self-employment. In other words, we look at the group of self-employed in the second quarter of 1998 and examine whether certain groups of people stand a better chance of remaining self-employed or moving on compared to other groups of people (annex A4).<sup>17</sup>

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<sup>16</sup> This relates to the age distribution for the second quarter of 1998. We don't take into account the age in the quarter of departure because of the drop-out problem. This also applies to the age distribution among the 'newly self-employed'.

<sup>17</sup> In this analysis, we are not including the self-employed who took a one to three month break of their self-employed activity (see p. 2). We only include self-employed who have left their self-employment for over a year and those who remain self-employed for a period of 10 quarters (n=628 790).

Of the total group of self-employed, 85.5% remain self-employed, while 14.5% suspend their self-employed activity.<sup>18</sup> Men are slightly more likely to remain self-employed in comparison with women (86.8% with men compared to 82.4% with women). Inhabitants of the Brussels-Capital Region have the least chance of remaining self-employed (81.3%), followed by inhabitants of the Walloon Region (84.9%). The inhabitants of the Flemish Region, on the other hand, stand a better than average chance of remaining self-employed (86.4%).

The largest proportion of outflowers can be found among the youngest (28.1%) and the oldest self-employed (21.1%). Of the 40 to 49 year old self-employed, on the other hand, nearly 90% remain so. The 25 to 39 year olds and the 50 to 64 year old self-employed experience an average outflow. In other words, we can assume that those who suspend their self-employment are either youngsters who are unable to make their self-employed activity take off or older people who wish to bring their working life to an end. In addition, it is safe to assume that once a business is established (middle age group), there is less chance it will be wound up. Of the self-employed with a non-European nationality, more than a quarter wind up their self-employment (26.1%) compared to one fifth of self-employed with a European nationality and only 14% of self-employed with a Belgian nationality.

#### *In summary*

The main characteristics of the self-employed in the second quarter of 1998 (male inhabitants of the Flemish Region with a Belgian nationality) can also be found among the three comparative groups (long-term self-employed, inflowing and outflowing self-employed), but a few noteworthy differences can be observed nonetheless. The aforementioned characteristics are namely most pronounced with the long-term self-employed and slightly less with the outflowing self-employed. With the newly self-employed, we find comparatively more youngsters and women, which indicates that the

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<sup>18</sup> We left the group of self-employed who took a break from their self-employment for up to three months outside consideration on this occasion.

emancipation of women is being extended to the proportion of women setting up a self-employed activity.

If we investigate which group of self-employed in the second quarter of 1998 had the best chance of remaining in their self-employed activity during the examined period, we reach similar conclusions. Certain groups of people not only stand a better chance of belonging to the self-employed, but also of remaining self-employed. Belgian men from the Flemish Region have after all the best chance of belonging to the long-term self-employed. Furthermore, we see that the highest proportion of self-employed flowing out can be found in the youngest and oldest age groups.