

# Statistics in focus

## POPULATION AND SOCIAL CONDITIONS

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Author

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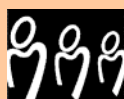
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## People outside the labour force: Declining inactivity rates

The Lisbon Council set the overall target of reaching a 70% employment rate by the year 2010, with the special target of raising the employment rate for women to more than 60%. Raising the employment rate can happen in either or both of two ways: by reducing unemployment and/or by recruiting more people from the economically inactive population, i.e. persons outside the labour force. This report focuses on the inactive population in the European Union, as well as the Candidate and EFTA countries in the years 2002 to 2004. A Statistics in focus on those outside the labour force was previously published in 2003 and referred to the year 2001.

When analysing the economically inactive population it is at once apparent that inactivity is extremely age and gender specific. The main reason for inactivity of young people is participation in education, while retirement is the main reason for inactivity of older persons. Women are much more likely than men to be inactive and having family responsibility as the main reason identified. This report is divided into three main sections, looking at each age group, 15-24, 25-54 and 55-64 years in turn. At the end there is a brief look at persons aged 65-74 years.

Since 1999 the share of the inactive population in the total population of 15 to 64 years old has dropped from 31.8% to 30.4% in the EU-25. Almost all of the decrease is due to an increase in the labour force participation of women. The share of inactive women has gone down in this period from 40.5% to 38.1%, while the share of men outside the labour force has remained almost stable, 23.0% to 22.6%. In the same period the share of inactive women has fallen even more in the old EU-15, from 40.6% to 37.6%.

Women are, in all the Member States, more likely than men to be outside the labour force. In the Nordic and Baltic countries the difference was 9 percent points or less in 2004, while in Cyprus, Luxembourg, Ireland, Spain, Italy and Greece the difference was more than 20 percentage points. In Malta the gender difference is by far the greatest, at more than 44 percentage points.

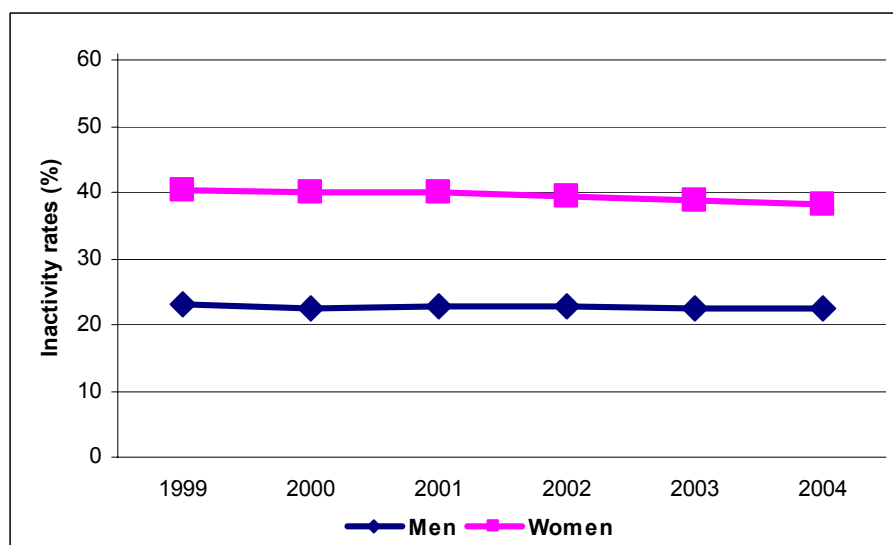


Figure 1. Inactivity rates in the EU-25 1999-2004 by sex. Source: Eurostat – LFS.

## Young persons in education

Persons aged 15-24 years are usually not active in the labour market. In 2004 51.5% of men and 58.5% of the women in that age category in the EU-25 were inactive. In total, 30.8 million young men and women were outside the labour market. Overall, the rate of inactivity in this age group among men ranges from 28.0% in the Netherlands and 28.2% in Iceland to 69.1% in Lithuania and 73.0% in Luxembourg. Iceland and the Netherlands have also the lowest inactivity rates for women in the age group, 27.9% and 28.9% respectively, while it is highest in Lithuania, 78.6%. Differences between countries in the number of students having a job largely explain the variation in the inactivity rates.

While being in education is the main reason given for inactivity for both sexes, young women in the EU-25 in 2004 were more likely to be inactive for this reason than men (47.8% and 44.7% respectively). The remaining difference between the genders is due to women in this age group who state family responsibility (3.9%) as the main reason for being outside the labour force.

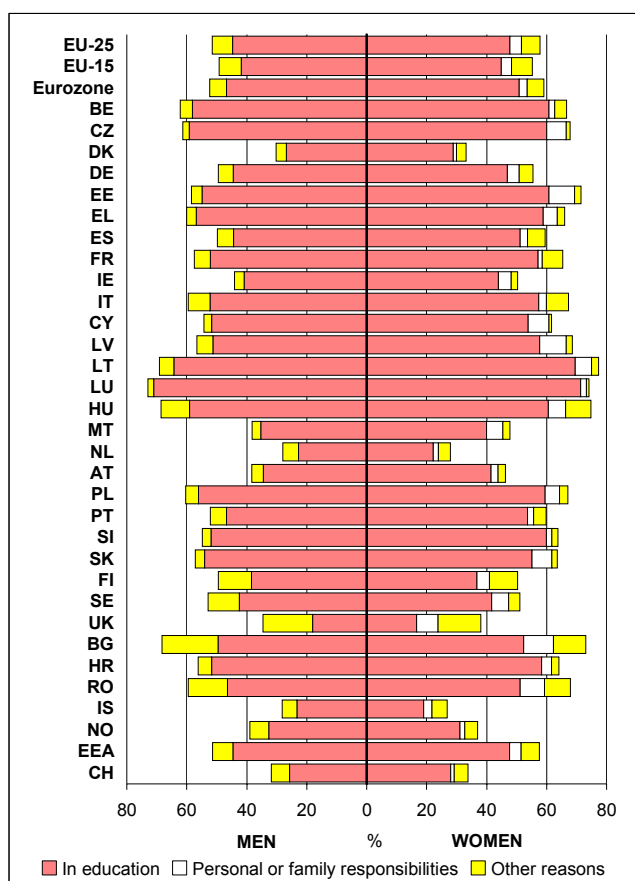


Figure 2. Inactivity rates of young persons (15-24) by sex and main reason for not being economically active in the EU-25 2004. Source: Eurostat – LFS.

### Family responsibilities main cause of inactivity of 25-54 old women

The main working age in the Union is the period between 25 and 54 years old. This is also the age when families are founded and children raised. Gender differences are

consequently very pronounced when inactive persons in this age category are examined. In 2004, 8.2% of men in this age group were inactive in the EU-25 compared to 24.7% of women. In absolute numbers this amounted to about 8 million men and 24 million women. The inactivity rate of men was less than 5% in Switzerland, Cyprus and Luxembourg, but highest in Hungary and Bulgaria (15.0% and 17.1%). The inactivity rates of women aged 25 to 54 years ranged in 2004 from 13.2% in Lithuania to 36.4% in Italy. Malta is exceptional with 63.5% of women in this age group outside the labour market.

Of the 24.7% inactive women, 11.6% are inactive because of personal or family reasons, while 0.3% of men identify that as the main reason for being outside the labour force. Apart for personal or family responsibilities, the differences between the genders are minimal: approximately the same number of men and women in this age category are inactive due to sickness/disability, education or retirement; 5.1 million men and 5.2 million women.

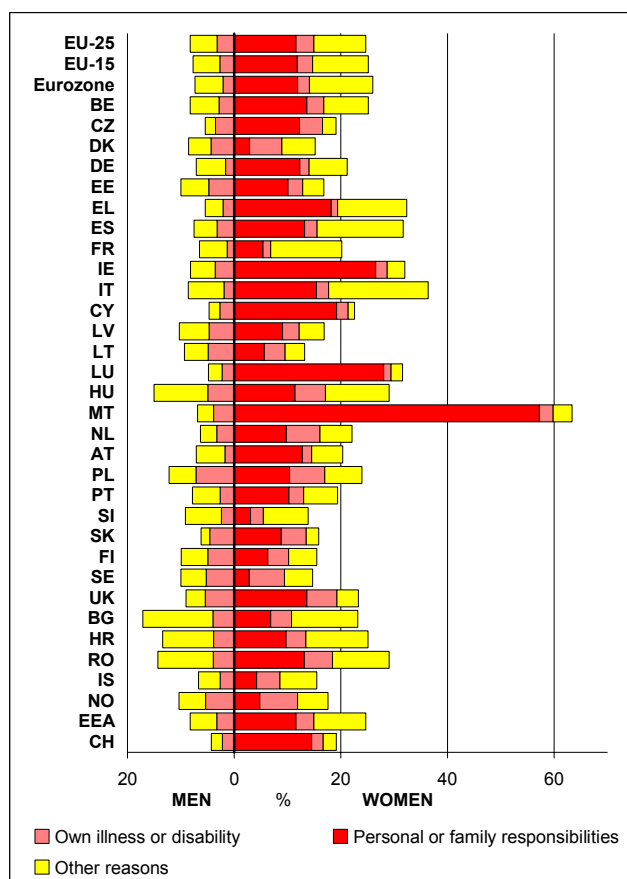


Figure 3. Inactivity rates of persons aged 25-54 years by sex and main reason for not being economically active in the EU-25, 2004. Source: Eurostat – LFS.

### Fathers and mothers of young children behave differently

Mothers aged 25-54 years of young children, i.e. children less than 7 years of age, have higher inactivity rates than women in this age group who are not mothers of young

children; 34.7% compared to 22.1% in the EU-25<sup>1</sup> in 2004. For men the opposite was true. If they had one or more young children of their own or of their spouse in the household, the inactivity rate in EU-25 was 3.7% compared to 9.4% if no such young child was present in the household. The inactivity rates of women with children increase if there is more than one child, whereas fathers are hardly affected at all. If there are two or more children and the youngest is less than 7 years then the inactivity rate of mothers was 39.6%, but 3.9% for fathers in the EU-25 in 2004 (see Table 1).

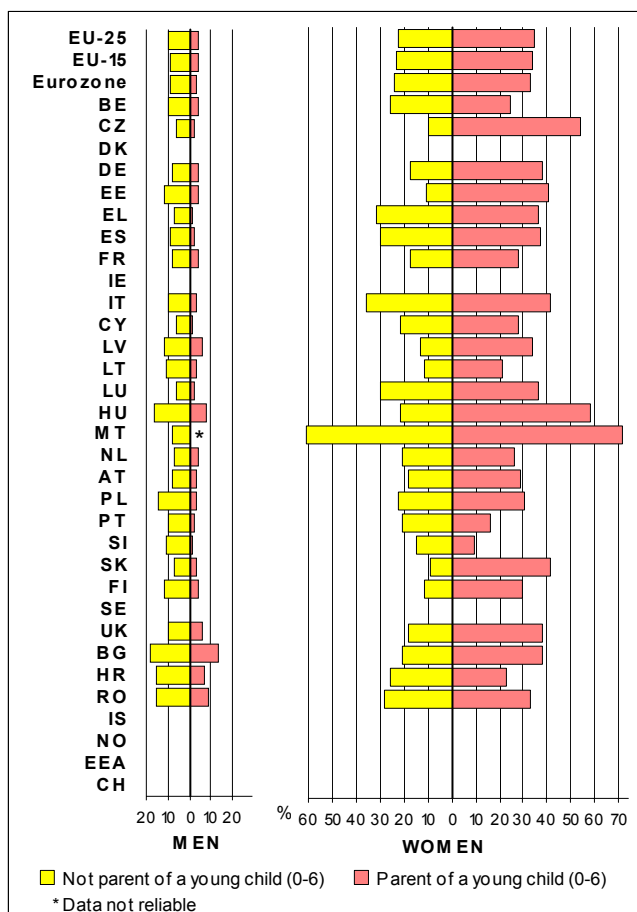


Figure 4. Inactivity rates of persons aged 25-54 years by presence of own young children (0-6 years) in the EU-25 (Excl. DK, IE and SE), 2004. Source: Eurostat – LFS.

### Persons with lower education are more likely to be inactive

In 2004, the inactivity rate of men in the age group 25-54 years, who had attained less than upper secondary level education, was 12.3% in the EU-25. In contrast, the inactivity rate was 4.2% among men who had completed tertiary level education. The inactivity rate of men with less than upper secondary education was highest in Hungary, 34.4%, with UK, Poland, the Baltic countries, Slovakia, Bulgaria, Romania and Norway all having more than a 20% inactivity rate in this group of men.

<sup>1</sup> Excluding Denmark, Ireland and Sweden.

In 2004, the inactivity rate of EU-25 women in this age group, who had completed less than upper secondary education, was 41.6%, while the inactivity rate of women with tertiary level education was 11.8%. In Malta the inactivity rate of women in this age group who had less than upper secondary education was 74.1%, with Ireland and Italy with a more than 50% inactivity rate for this group of women.

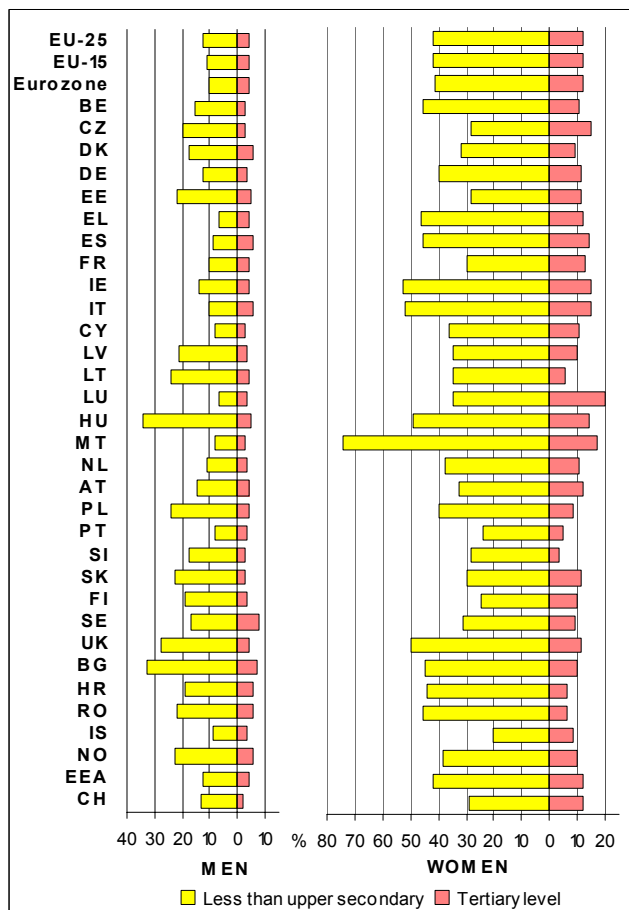


Figure 5. Inactivity rates of persons aged 25-54 years by level of education in the EU-25, 2004. Source: Eurostat – LFS.

### 6.1 million inactive 25-54 old women are willing to work

Economically inactive persons are characterised by not having a job and either not being actively looking for a job or not being immediately available for a job. Such persons have nevertheless varying degree of attachment to the labour market. Two groups close to being active, are persons who are looking for a job but not immediately available, and persons willing to work, even if they were not looking in the reference week.

In 2004, 33.7% of inactive men in the EU-25 aged 25-54 years were willing to work, while 8.7% were actually looking for work. Relatively fewer inactive women were willing to work, 25.2%, while 4.3% of inactive women had actually looked for some work in the reference week and the preceding three weeks. As women in this age group have higher inactivity rates than men, the lower percentage of inactive women willing to work

represents a greater absolute number of inactive women than men willing to work; 6.1 million women compared to 2.7 million men.

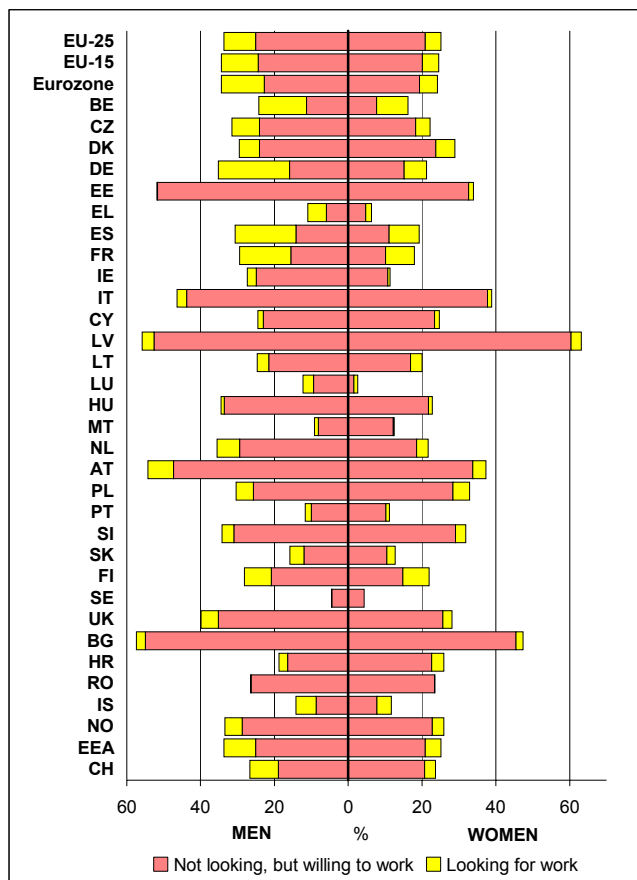


Figure 6. Persons 25-54 years willing to or looking for work, as percentage of inactive men and women in the EU-25, 2004. Source: Eurostat – LFS.

### 46% of older men and 66% of older women inactive

Persons aged 55 to 64 years are less active on the labour market than the younger age groups. 45.7% of men in this age category were outside the labour market in the EU-25 in 2004, and 66.0% of the women. The total number of inactive persons in this age group was 11.5 million men and 17.6 million women. The inactivity rates of men were over 59% in five Member States; Luxembourg, Poland, Hungary, Belgium and Austria; while in six countries inactivity rates were less than 30% (Denmark, Norway, Cyprus, Sweden, Switzerland and Iceland). In the last named countries, except Cyprus, the inactivity rates of women were also below 45%, while these were over 80% in Malta, Slovakia, Slovenia and Austria.

For men in this age category, retirement is the main reason given for being outside the labour market. 29.9% of the total male population in this age group were retired. The second most common reason is illness or disability, with 9.5% of the male population in this age category inactive for this reason.

Retirement is also the main reason for the inactivity of women in this age group, with 31.5% of women in this age category stating this as the main reason. The second most common reason is personal or family responsibilities (10.0%) with own illness or disability being the main reason for 8.3% of the women in EU-25 in this age category in 2004. Unlike men, however, the pattern is less clear for the Member States. In many countries, personal or family responsibilities are the main reasons stated for female inactivity, with retirement the prevalent reason in other countries.

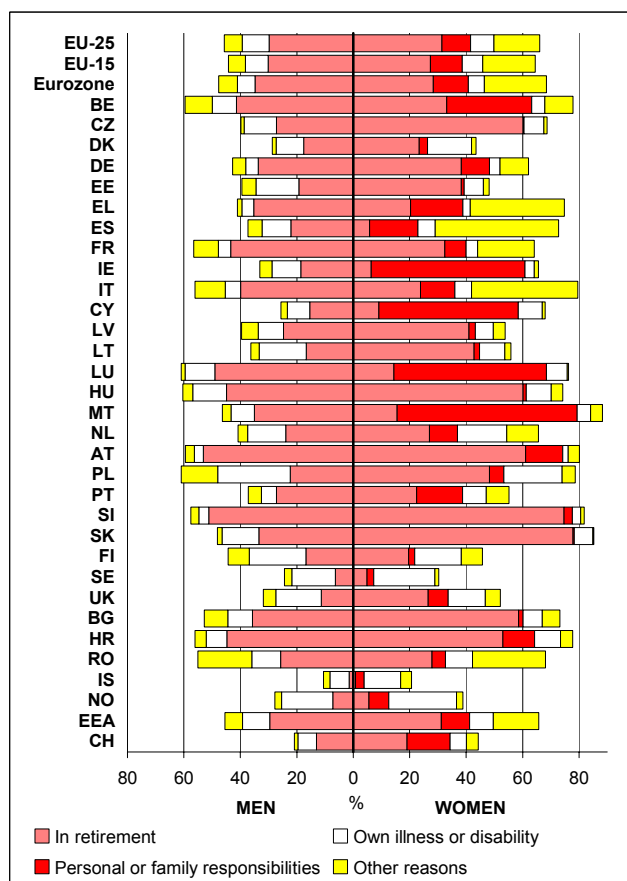


Figure 7. Inactivity rates of older persons (55-64) by sex and main reason for not being economically active in the EU-25, 2004. Source: Eurostat – LFS.

### Older inactive persons less willing to work

In 2004, 8.1% of inactive men aged 55-64 years in the EU-25 were willing to work, and 5.4% of inactive women in the same age category. This corresponds to 0.9 million men and 1 million women. Older men and women in Estonia, Latvia and the United Kingdom were more willing to work than their fellow EU-citizens. More than 20% of inactive men in Estonia and inactive men and women in Latvia were willing to work, while 18.9% of older inactive men in the UK expressed a willingness to have a job.

### 4–8% of persons aged 65-74 years active

In 2004, 91.9% of men and 96.2% of women aged 65-

74 years were outside the labour market. Only in Cyprus, Estonia, Romania and Portugal did the inactivity rate of men go below 80%. In Iceland, the inactivity rate of men in this category is exceptionally low, at 56.8%. Only in Norway, Latvia, Estonia, Portugal, Romania and Iceland was the inactivity rate of women lower than 90%. In Romania and Iceland the

inactivity rate of women in this age group was below 80%.

In the EU-25 approximately 0.2 million men and 0.1 million women in this age group were willing to work, or 1.1% and 0.6% respectively of the inactive population.

**Table 1 - Inactivity rates of persons aged 25-54 years by family situation, age and number of children, EU-25\* 2004**

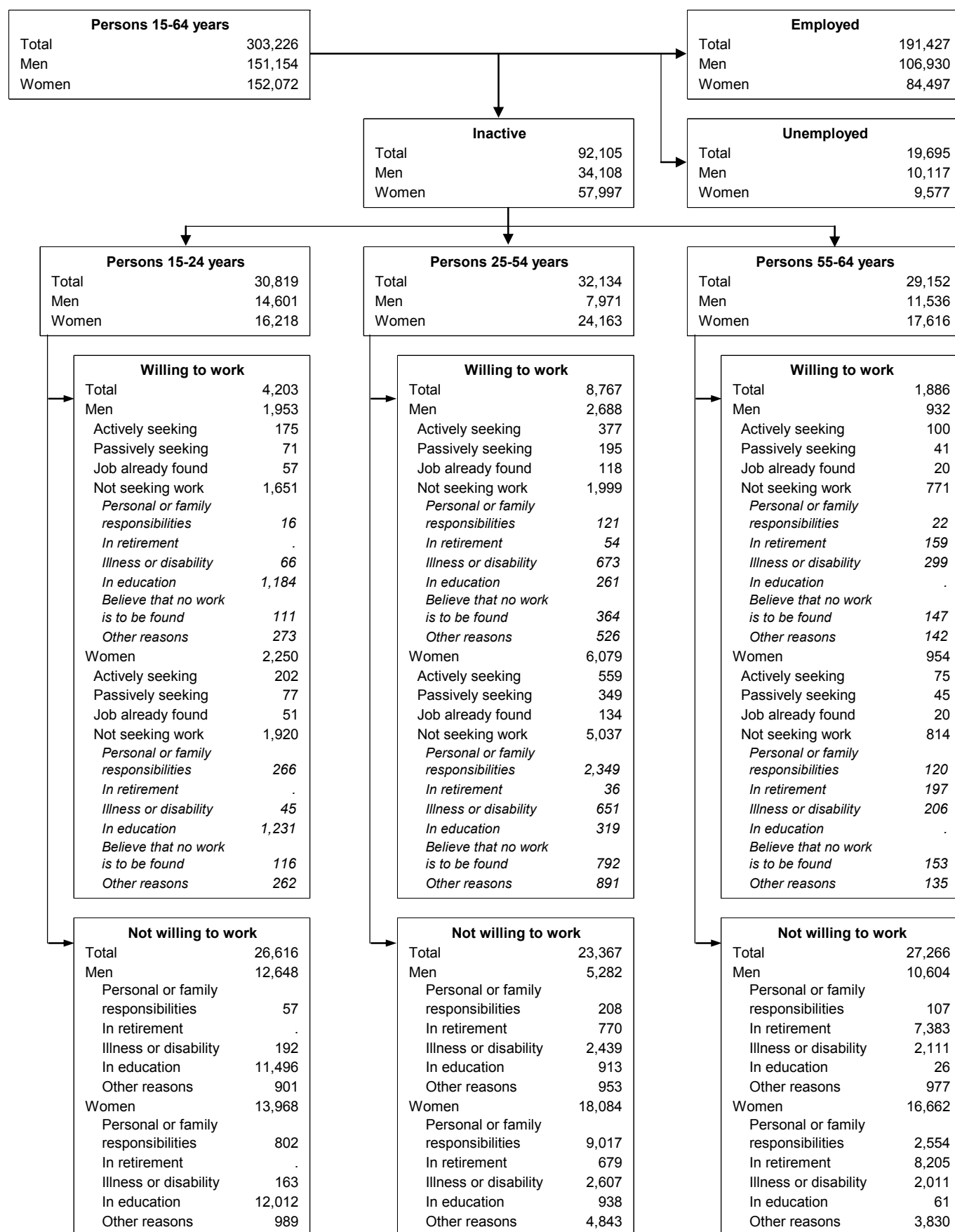
	Men and women			Men			Women		
	Total	1 child	2 or more children	Total	1 child	2 or more children	Total	1 child	2 or more children
<b>Parents</b>									
Parents of children <15, Total	17.3	15.0	19.8	4.2	4.5	4.0	29.0	24.0	34.4
Youngest child 0-6	19.6	15.6	22.2	3.7	3.5	3.9	34.7	27.2	39.6
Youngest child 7-14	14.6	14.5	14.9	4.9	5.3	4.2	22.7	21.8	24.3
Single parents of children < 15	24.3	19.2	33.4	13.3	12.4	15.5	25.7	20.1	35.3
Youngest child 0-6	32.6	24.1	41.4	12.3	11.3	(13.7)	34.8	25.7	43.9
Youngest child 7-14	18.6	16.8	23.5	13.9	12.8	17.1	19.3	17.4	24.3
Persons living with a spouse and children <15	16.7	14.5	18.9	4.1	4.3	3.8	29.6	24.8	34.3
Youngest child 0-6	18.7	14.9	21.2	3.6	3.4	3.8	34.7	27.4	39.2
Youngest child 7-14	14.1	14.1	14.1	4.6	5.1	3.9	23.4	22.9	24.3
<b>Other persons</b>									
Total	16.0	-	-	10.6	-	-	21.9	-	-
Persons living alone	12.3	-	-	11.6	-	-	13.3	-	-
Persons living alone with a spouse	12.6	-	-	6.6	-	-	18.1	-	-
Persons living with a spouse and other adults or children not their own	18.7	-	-	8.5	-	-	27.3	-	-
Other persons	18.5	-	-	14.5	-	-	23.6	-	-

\*Excluding Denmark, Ireland and Sweden

Note: Figures between brackets "(") lack reliability due to reduced sample size, "-" stands for "Not applicable"

Source: Eurostat – LFS

**Figure 8 - Work status of persons 15-64 years in the EU-25, 2004 (× 1,000)**



Source: Eurostat – LFS.

"." dots are used for extremely unreliable data.

## ➤ ESSENTIAL INFORMATION – METHODOLOGICAL NOTES

**Source:** the European Union Labour Force Survey is a quarterly (except in Germany, Luxembourg and Switzerland where it is annual), large sample survey providing results for the population in private households in the EU, EFTA and the Candidate Countries.

**Conscripts** in military or community service are not included in the results. The quarterly sampling rates vary between 0.2% and 3.3%. The survey provides quarterly results on labour participation of people aged 15 and over as well as on persons outside the labour force. The concepts and definitions used in the survey follow the guidelines of International Labour Organisation.

**Household data** are not available for Denmark and Ireland (family status unidentifiable), as well as Sweden, Iceland, Norway and Switzerland, which do not provide household data.

**Estimates** in this publication are all annual averages. For annual averages all available quarters are used. Annual averages for Cyprus in 2004 are based on quarters 2 to 4 and quarter 1 of 2005. Annual estimates for Austria 1999-2002 are based only on the first quarter. The annual estimates for Germany, Switzerland, France (1999-2002), Cyprus (1999-2003), Luxembourg (1999-2002) and Iceland (1999-2002) are based on one survey in the spring. The estimates for Latvia and Lithuania (1999-2001) are based on two surveys in 2<sup>nd</sup> and 4<sup>th</sup> quarters of each year. In 1999 no LFS was carried out in Malta.

**The economically active population** comprises employed and unemployed persons. **Employed persons** are persons aged 15 and over (Spain, United Kingdom: 16 and over; Denmark, Estonia, Hungary, Latvia, Sweden, Finland: 15-74; Iceland, Norway: 16-74) who during the reference week performed work, even for just one hour per week, for pay, profit or family gain or were not at work but had a job or business from which they were temporarily absent because of, e.g., illness, holidays, industrial dispute and education or training. **Unemployed persons** are persons aged 15-74 (in Spain, United Kingdom, Iceland, Norway: 16-74) who were without work during the reference week, were currently available for work and were either actively seeking work in the past four weeks or had already found a job to start within the next three months.

**Inactive persons** are persons who are neither employed nor unemployed. **Inactivity rate** is the share (in %) of the inactive population of the total population in private households in the same age group.

**Reasons for inactivity** may be derived from four variables in a hierarchical order. The main reason why somebody is not seeking employment is the first variable used to determine the reasons for inactivity. In the case of reasons not explicitly mentioned or non-response for this variable, the reasons why somebody could not start to work immediately, the main status, participation in education or training and reason for leaving last job are used in this order. Germany, Spain and Switzerland do not provide main status; if respondent has never worked or worked more than one year ago, then the status 1 year before is used instead, provided that this status was disability, retirement or fulfilling domestic tasks.

**Willingness to work** is determined if a person explicitly states that he or she is willing to work, if a person was looking for work in past four weeks including the reference week or if a person was not looking because he or she had already found a job.

**Child** is any individual younger than 15 years at the end of the reference week. **Parent** (father or mother) is any person who lives in a private household with one or more children who are this person's own children or the children of his or her spouse. Some children are taken care of by other than their parents. It is not possible to identify these caretakers in the EU-LFS.

**Level of education** is defined according to the International Classification of Education 1997 (ISCED 1997). Three levels are distinguished: Less than upper secondary (ISCED 1 or 2), upper secondary (ISCED 3-4), and third level (ISCED 5-6).

**Country codes** applied in this publication: BE (Belgium), CZ (Czech Republic), DK (Denmark), DE (Germany), EE (Estonia), EL (Greece), ES (Spain), FR (France, excluding the 'Département d'Outre-Mer', i.e. Guadeloupe, Martinique, Guyane and Réunion), IE (Ireland), IT (Italy), CY (Cyprus), LV (Latvia), LT (Lithuania), LU (Luxembourg), HU (Hungary), MT (Malta), NL (Netherlands), AT (Austria), PL (Poland), PT (Portugal), SI (Slovenia), SK (Slovak Republic), FI (Finland), SE (Sweden), UK (United Kingdom), EU-25 (European Union), EU-15 (former European Union of 15 Member States), Eurozone (Belgium, Germany, Greece, Spain, France, Ireland, Italy, Luxembourg, the Netherlands, Austria, Portugal and Finland), BG (Bulgaria), HR (Croatia), RO (Romania), IS (Iceland), NO (Norway), EEA (European Economic Area, including all EU-25 countries, Iceland and Norway, excluding Liechtenstein), CH (Switzerland).

# ***Further information:***

## **Databases**

[EUROSTAT Website/Population and social conditions/Labour market/Employment and unemployment \(Labour Force Survey\)/LFS series - Quarterly survey results/Inactivity - LFS series/Inactive population as percentage of the total population \(of a given sex\) by age groups \(%\)](#)

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