

(On the) Job Search in Europe and the US*

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*The opinions in this paper are those of the authors and do not necessarily reflect the views of the Federal Reserve Bank of St. Louis, the Federal Reserve System, the European Central Bank (ECB) or the Eurosystem.

On the Job Search (OJS): Theory Ahead of Measurement

- Just a small set of papers with OJS data (to the best of our knowledge)
 - ▶ UK & US: a few empirical papers using individual years from 70's-90's
 - ▶ Kahn (2012): European Community Household Panel (1995-2001)
 - ▶ Fujita (2012): UK Labour Force Survey (2002-2009)
 - ▶ Bransch et al. (2023)/Papac (2022): UK Labour Force Survey (1992-2019)
 - ▶ Faberman et al. (2023): Survey of Consumer Expectations for the US (2013-17)
 - ▶ Kaas et al. (2024): Panel Study Labour Market & Social Security for Germany (2007-19)
 - ▶ COVID-19 papers for DE, NL, SE, and UK
- This paper: OJS and labor market transitions in Europe and the US
 - ▶ **OJS pervasive:** up to 75% of all searchers are employed
 - ▶ **Motives for OJS:** job ladder and precautionary job search
 - ▶ **OJS persistent:** in Europe also following a job switch

Outline

- ① Data
- ② Cross-Country Facts
- ③ Reduced-Form “Drivers” of OJS & E2E Rates
- ④ Job Search Dynamics
- ⑤ Conclusion

Main Data Sets

- Survey of Consumer Expectations (SCE) by the NY Fed for the US
 - ▶ Since 2014: triannual labor market module (March/July/Nov)
 - ▶ Since 2013: annual labor search module (Oct)
- Consumer Expectations Survey (CES) by the ECB for most euro area countries
 - ▶ Quarterly frequency, modeled after SCE
 - ▶ Since 2020: Belgium, France, Germany, Italy, Netherlands, Spain
 - ▶ Since 2022: Austria, Finland, Greece, Ireland, Portugal
- European Union Labour Force Survey (EULFS)
 - ▶ Starting year varies across countries but panel only through 2020
- Current Population Survey (CPS)
 - ▶ February 1997/1999: Contingent Worker Supplement

Measurement of Employment and Job Search Status

- Employment status: employed and non-employed (aged 25-54)
 - ▶ Transition rates quarterly, for SCE currently 4-monthly
 - ▶ Job-to-job transitions identified via job tenure (<3/4 months)
- Job search status: active searcher
 - ▶ SCE, EULFS, CPS CWS:
 - *Have you done ANYTHING in the last 4 weeks to look for [new] work?*
 - *What were ALL the things you have done to look for work during the last 4 weeks?*
 - ▶ CES:
 - *Are you currently actively looking for a job?*
 - *How many job applications have you submitted in the last 3 months? → at least 1*
 - Annual module asks about job search methods:
 - ≈ 90% of employed & non-employed searchers report ≥ 1 active method
 - ≈ 80% of employed & non-employed searchers report having sent applications
 - ▶ Standard availability requirement not available in CES

Pros & Cons of Expectation Surveys (EXPS)

- For US, SCE is only available data set with OJS (in recent times)
- For Europe, CES
 - (-) smaller sample size than EULFS and not (yet) established
 - (-) short time-series dimension (EULFS panel starts in 2005, OJS since inception)
 - (+) harmonized panel for recent years (EULFS panel stops being available in 2020)
 - (+) additional info on job characteristics and earnings (since Q2 2023)
- SCE & CES line up closely with CPS & EULFS along most dimensions (E-Pop Ratio, NE/EN/E2E transitions rates, **OJS rates are quite a bit higher**)

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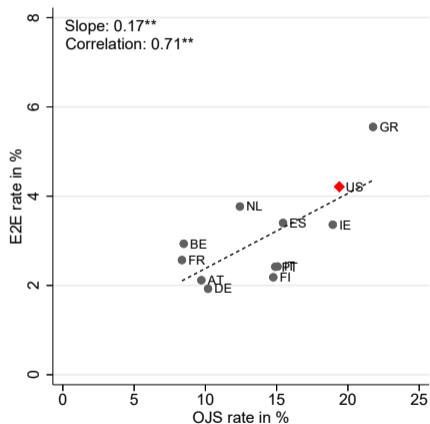
Job Finding Rate

$$\underbrace{P(E_{t+1}^n = 1)}_{\text{Job Finding Rate}} = \sum_{s \in \mathbb{S}} \underbrace{P(S_t = s)}_{\text{Share by Search Status}} * \underbrace{P(E_{t+1}^n = 1 | S_t = s)}_{\text{Job Finding Rate by Search Status}}$$

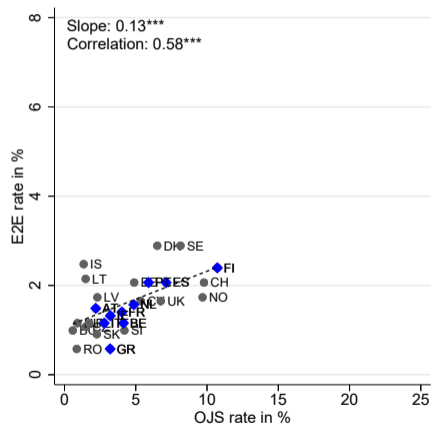
- $E_{t+1}^n = 1$: someone found a new job in next quarter ($t + 1$)
- S_t : job search status in current quarter (t), $s \in \mathbb{S} = \{\text{no search, searching}\}$

HIGH OJS Rates \Leftrightarrow HIGH E2E Rates

EXPS: SCE & CES (2022 onwards)

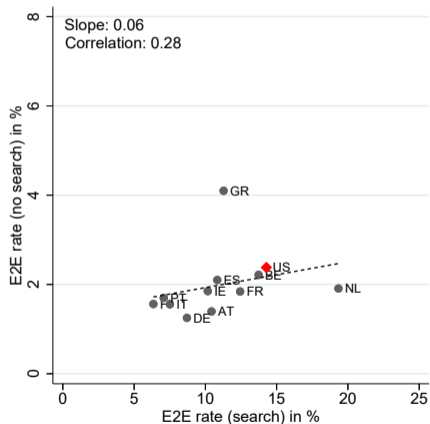


LFS: CPS & EULFS (2014-2019)

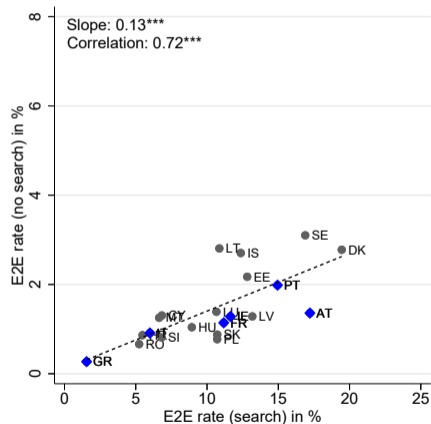


HIGH E2E Rates of Searchers \Leftrightarrow HIGH E2E Rates of Non-Searchers

EXPS (2022 onwards)



LFS (2014-2019)



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Individual Level

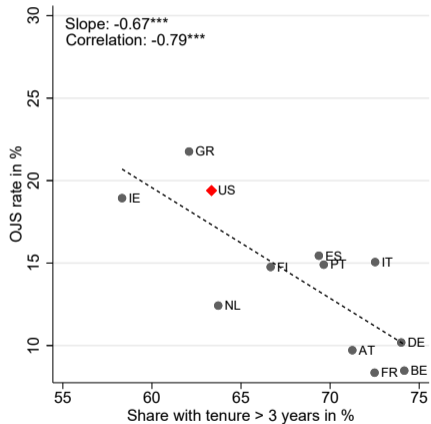
- Run regressions of **OJS dummy** on demographics and job-related variables
 - ▶ Demographics: age, gender, education, household composition
 - ▶ Job-related: part-time, tenure, *pay satisfaction*, job loss expectation
Job ladder motive Precautionary motive
- Run regressions of **E2E dummy** on demographics, job-related variables, and **OJS**
- Today: main results based on EXPS, pooling data from all European countries
 - ▶ For IT and FR we show that main results hold up in EULFS

OJS dummy on Demographics and Job-related Variables

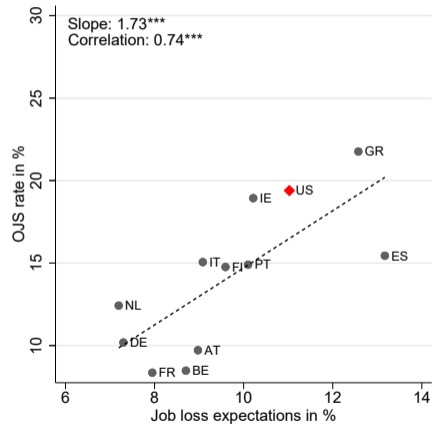
	US	Europe
Age/10	-0.019**	-0.010***
Female	0.032***	-0.013***
Partner in HH	-0.054***	-0.011***
Youngest Child (0-5)	0.005	0.002
Youngest Child (6-17)	0.032**	0.007***
Tertiary	-0.008	0.011***
Part-time	0.113***	0.069***
Tenure <1Y	-0.010	0.049***
Tenure >5Y	-0.064***	-0.060***
Job loss exp.	0.385***	0.406***
Constant	0.233***	0.097***
Date FE	Yes	Yes
Country FE	No	Yes
N	6513	151272
R2	0.07	0.11

Cross-Country Variation

Share with > 3 Yrs Tenure



Job Loss Expectations

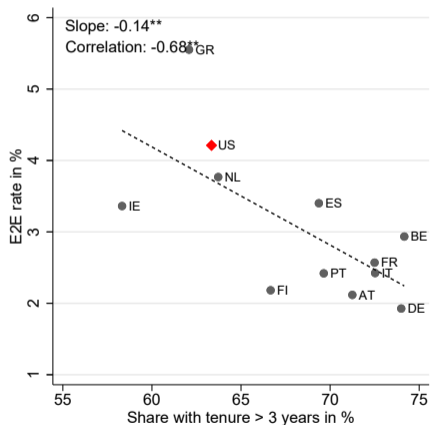


E2E dummy on Demographics and Job-related Variables

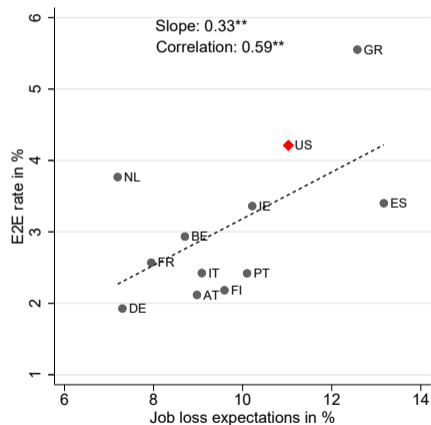
	US	Europe
Job Search	0.084***	0.054***
Age/10	-0.015**	-0.003***
Female	0.000	0.002*
Partner in HH	0.021*	-0.003*
Child (0-5)	-0.012	0.004
Child (6-17)	0.007	-0.001
Tertiary	-0.009	-0.001
Part-time	0.019	-0.002
Tenure <1Y	0.025	0.079***
Tenure >5Y	-0.025**	-0.013***
Job loss exp.	0.081**	0.068***
Constant	0.029	0.020***
Date FE	Yes	Yes
Country FE	No	Yes
N	3104	104612
R2	0.05	0.07

Cross-Country Variation

Share with > 3 Yrs Tenure



Job Loss Expectations



The Effect of Pay Satisfaction

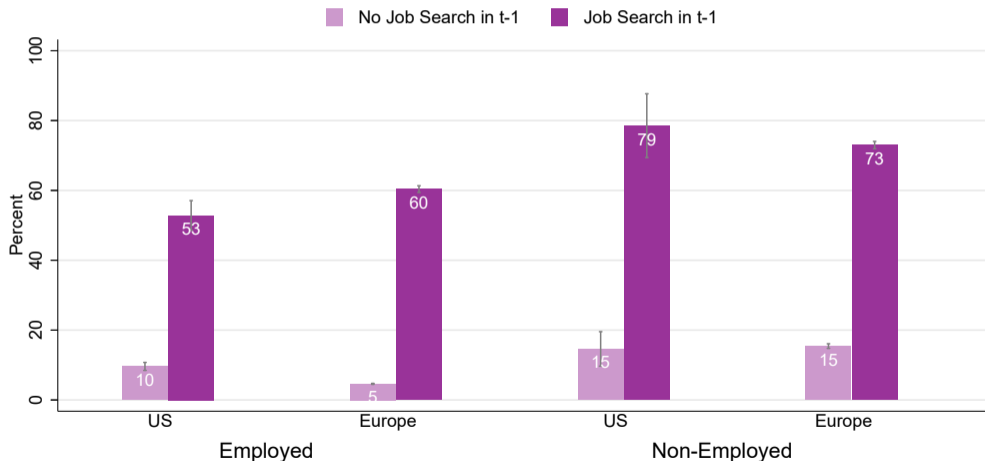
	Job Search		Job Finding	
	US	Europe	US	Europe
Pay satisfaction	-0.121***	-0.045***	-0.019***	-0.002***
Job loss exp.	0.205***	0.385***	0.063*	0.056***
Constant	0.193***	0.085***	0.031	0.020***
Controls	Yes	Yes	Yes	Yes
Date FE	Yes	Yes	Yes	Yes
Country FE	No	Yes	No	Yes
N	6513	68394	3104	53583
R2	0.17	0.14	0.05	0.06

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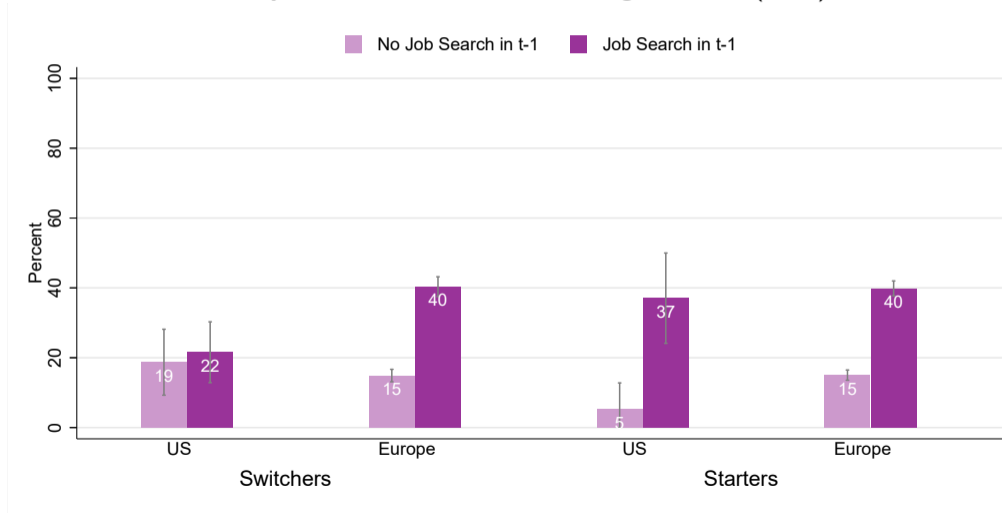
“Stayers” (same employment status in $t - 1$ and t)

Probability to Search in t Conditional on Employment & Search Status in $t - 1$



Job Switchers and Starters

Probability to Search After Just Having Found a (New) Job



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Novel Cross-Country Evidence on OJS and Job Finding

- Countries with high OJS rates feature high E2E rates
- OJS related with job finding also on individual level
- Motives for OJS
 - ▶ Job ladder motive: OJS decreases in job tenure & pay satisfactions
 - ▶ Precautionary motive: OJS increases in perceived job loss probability
- OJS dynamics
 - ▶ OJS persistent for job stayers
 - ▶ OJS prevalent also among new job holders

Lots more to do ...

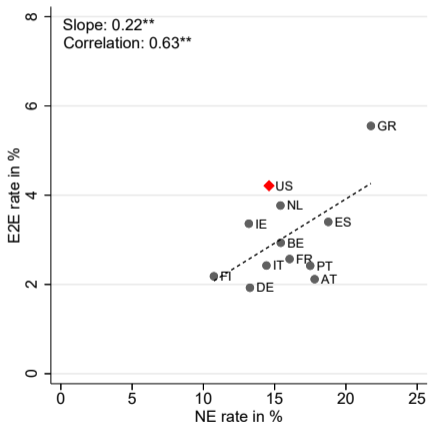
Thank you!

Cross-Country Evidence of Labor Market Transitions

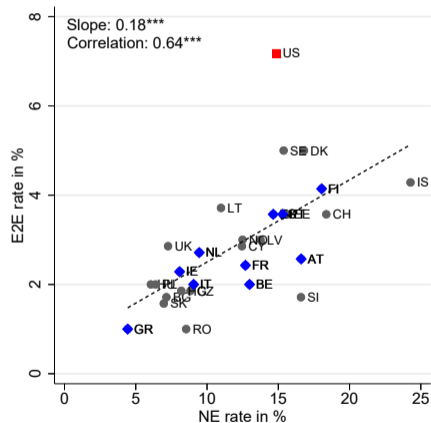
- Cross-country patterns between job loss and job finding rates well documented (e.g., Hobijn and Sahin, 2009; Elsby et al., 2013; Jung and Kuhn, 2015)
 - ▶ Provide variation to test search models (implicitly) and role of labor market policies (e.g., Jolivet et al, 2006; Créchet, 2023)
- More recently, **job-to-job transitions** have been added to the picture
 - ▶ Donovan et al. (2023) feature large set of countries, but focus on relationship with GDPpc
 - ▶ Engbom (2021) and Borowczyk-Martins (2023) document facts for OECD/Europe
 - ▶ Time-series for the US (Moscarini/Postel-Vinay, 2023; Birinci et al., 2023; Cheremukhin/Restrepo-Echavarria, 2024)

Job Finding Rates: HIGH NE Rates \Leftrightarrow HIGH E2E Rates

EXPS (2022 onwards)



LFS (2014-2019)



The Effect of Wages (Europe Only)

	Job Search	Job Finding
Log hourly wage	-0.028***	-0.010***
Constant	0.160***	0.052***
Controls	Yes	Yes
Date FE	Yes	Yes
Country FE	Yes	Yes
N	43735	27804
R2	0.08	0.07

Wage Growth: Job Stayers vs. Switchers

