

Job Separation Rates of Immigrants and Natives in The UK During The Great Recession

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Abstract

This paper assesses the probability of job separations of immigrants and natives in the UK before and during the economic crisis of 2008. Further assessment of transitions into unemployment or underemployment from dependent employment for the same periods is conducted. A mixed proportional hazard duration model with a semi-parametric piece-wise constant baseline hazard is used on a data sample of inflows into employment. It is found that the crisis increased the probability of exits to unemployment for all groups, while immigrants from the newer countries of the European Union seem to be least affected, after controlling for their demographic and labor market characteristics. More specifically, once we account for the fact that they tend to cluster in jobs that are most vulnerable to the business cycle, they are less likely to exit dependent employment than natives. However, job separations (defined as any ending of an employment spell) for immigrants from the EU countries that entered the Union in 2004 were the highest amongst all groups. Possible implications of out-migration of the lower performers are discussed. A competing risks model with exits to inactivity, retirement and underemployment is also estimated.

Keywords: Job Separations, Immigration, Duration Analysis

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