Employers today recruit new hires in a truly global labour market. Expanding companies are more mobile than ever and can choose to hire or invest in cities all over the world. Similarly, workers have choices of places to live and work; they’re no longer tied to employers’ locations thanks to flexible work and telecommuting options.

Since employers and workers have more locations to choose from than they did in the past, they need answers to their questions about those different locations. Employers and job seekers both need good information about economic conditions before deciding where to hire and invest, and where to live and work. They need to know if a place they’re considering has a mediocre labour market or a great labour market.

**What makes a great labour market for workers and employers?**

There are many factors that together tell us whether a labour market is good or bad: unemployment rates, the number of job openings, how high wages are and more. In this report, we look at several aspects of the labour market and combine them to form a simple, easy to understand metric to help employers and job seekers spot the best labour markets in the world — and understand how they’ve changed over time.

*Glassdoor Labour Market Index (GLMI)* uses many official data sources from around the world to show how labour market conditions are changing, country by country, and how labour markets differ between countries.

We present this new measure of labour market strength for 18 countries in the European Union and the “euro area” (countries that use the Euro currency), along with the United States, allowing job seekers to answer basic questions about the job market:

- In which countries has labour market improvement picked up the pace since 2007, and in which countries has the improvement slowed down?
- Which countries have enjoyed improving labour market conditions over the past six months?
- How do the countries compare in the current environment, when based on indicators such as unemployment rate, long-term unemployment and temporary employment?
The GLMI shows that labour markets are getting stronger in the European Union and the euro area as well as in the United States. However, some European countries are doing better than others, and there’s a wide range between the best-performing and worst-performing labour markets. Employers and job seekers need to learn about conditions in countries they consider moving to, rather than assuming the job market in a particular European country is as good as in any other country.

Each country’s labour market was hit by the economic crisis of 2008 and has had to try to bounce back. We want to see how their recoveries compare with each other. But simply asking which labour markets are recovering quickly and which are recovering slowly wouldn’t give an accurate comparison between countries, because their job markets were all evolving at different rates before the crisis struck. What we can do instead is to compare a country’s labour market improvement since the crisis with its average improvement in the past. That shows if a country’s recovery is better or worse than what we’d expect based on how it performed before.
Figure 1 shows the overall GLMI for 18 countries and for the European Union and euro area as a whole. An index number above zero means labour market conditions are improving faster than the country’s average improvement in the past. By contrast, a negative index number means that labour market conditions are not improving as well as we would expect based on the previous average. The higher the index number, the more conditions in the job market are exceeding our expectations.

A few highlights from the data:

- After being hit hard by the 2008 financial crisis and suffering through a period of severe economic hardship, labour market momentum in Greece, Portugal, and Spain finally turned and is now particularly strong. That’s good news because those countries have a steep road ahead of them to catch up to wealthier European nations. Employers that want to hire some of the residents of these countries who are still out of work should act sooner rather than later because strengthening conditions should match more people with jobs and raise their wages. That will bring up the cost of hiring in these markets.

- By contrast, in five others — Norway, Switzerland, Finland, Belgium, and the Netherlands — labour market momentum is significantly below each country’s historical average. That’s probably because these countries were all economically successful in the past and did not have to struggle to catch up to their neighbours after the crisis. Employers and job seekers can still view these countries as good places to find employees or jobs but shouldn’t look for dramatic jumps in job openings or wages.

These results show some countries with stronger labour markets seeing improvement more slowly than they did in the past, while countries with weaker labour markets are seeing faster improvement. If that continues, the weaker labour markets should eventually catch up to the stronger ones until conditions are comparable across countries. This should be reassuring for anyone concerned about global inequality. If we found that stronger markets were jumping ahead faster than they had before while weaker markets lagged more slowly, that would be very troubling because it would mean the gaps between the job markets of wealthier and poorer countries might just keep growing wider. Instead, those gaps are gradually closing, which suggests that globalisation is not picking winners and losers among countries but is instead leading to more equal conditions.

These results should also reassure job seekers and employers who are choosing places to settle down for the long term. Since the hardest-hit labour markets are on track to eventually catch up to stronger ones, people can expect that in the future, wherever they choose is likely to end up with similar job market conditions to its neighbours. People don’t need to be afraid that the place they choose will fall far behind other markets in the years to come. Of course, in the present there are still differences between labour markets that job seekers and employers should know about.
We just showed that weaker labour markets are working to catch up to stronger ones in the long term. But what about right now? If you’re planning to look for a job or hire people in a specific country, you want to know how that particular market has fared recently. Here we take a detailed look at some of the countries, along with the EU. The below “key to interpretation” diagram explains how to read the figures.

The main thing to understand from this diagram is that we are comparing each country’s labour market improvement to its historical performance. After all, it would be unfair to compare changes in the UK’s market to changes in Portugal’s market when those two countries started out with completely different conditions.

We look at labour market changes from 2007 through the financial crisis and then through the recovery. The graph ends at 2015. The straight line starting at 0 is the average change in that country’s labour market that we see in history. The arrows above that line show improvement that is better than the average and vice versa. In other words, the following charts show labour market change that falls far below the country’s average (the straight line at 0) when the financial crisis strikes. Then, the labour market change climbs back up to that line as things return to normal. In some countries, it even goes above the line as conditions improve faster than usual.

Many of the countries’ graphs look similar, as each country was hit by the 2008 crisis. However, some countries have bounced back better than others.
The UK labour market suffered in 2008/09, and then again briefly in 2011, as the euro crisis erupted. But since the middle of 2010, the market has improved steadily.

Since the middle of 2012, labour market conditions have been getting better. Over the most recent six month period studied, the improvement has slowed slightly, but momentum is still better than we’d expect based on history. The UK is in good shape to weather its exit from the EU because its labour market momentum is strong.

Labour market conditions suffered a major setback in 2009, and then again starting in mid-2011 with the euro crisis.

Since then, the labour market has continued to fare worse than expected, but over the most recent six month period studied the pace has picked up, with momentum now more in line with what we’d expect.
GERMANY

- Labour market conditions got worse in 2009, but starting in 2010 they improved markedly, although the pace was slower from 2011 to 13.
- Since 2013, the labour market has continued to improve, and over the most recent six month period studied the pace of improvement has gotten slightly faster.

NETHERLANDS

- Labour market conditions suffered in 2009/10, and have lagged behind expectations since.
- Since 2013, the labour market improvement has gotten closer to what we expect. This has been the case for the most recent six month period studied, too.
Labour market conditions fell dramatically in 2008/09, and then again in 2011 thanks to the euro crisis.

Since late 2013, labour market conditions have been improving faster than we’d expect, and over the most recent six month period studied the pace of improvement has picked up. The EU as a whole is in good shape.

To see all individual countries studied in this index, see the appendix.

Changes in Labour Market Conditions

We just looked at changes in labour markets since the financial crisis. But what about the most recent changes? If we look at the last six months, we can get a better idea of where these markets are headed. Here are some of the main findings:

- In both the European Union and the euro area, the job market has rebounded sharply despite fears over Britain’s exit from the EU.
- In the U.S. and Portugal conditions are still improving, but less quickly than in the latter half of 2015.
- Although conditions in Finland, France, and Norway are still falling behind expectations, they look like they’re getting ready to bounce back up.
- Switzerland’s labour market hasn’t improved as quickly as expected. That’s probably because Switzerland’s job market was already doing well and thus had less pressure to catch up to others.
Current Conditions: How the Countries Compare

We saw that the weaker labour markets are gaining momentum and on track to eventually catch up with the stronger markets. But there’s still a lot of variation between markets. Job seekers need to know which markets are better or worse in the current environment so they can avoid places that currently have high unemployment and low wages. Employers also want to identify the weaker labour markets because they offer opportunities for hiring.

The following chart compares factors such as unemployment and wages for the countries we look at and for the EU as a whole. The labour market is better in the U.S. than in the euro area. And in Europe, there’s a clear north/south divide. Switzerland, Denmark, and Norway currently have the best overall labour market conditions, with the UK, Germany, and Sweden next best. Greece, Spain and Italy are the worst, followed by Portugal.

Although the worst-performing labour markets such as Greece and Portugal have gained momentum, unemployment and wages are still much worse in these countries than in stronger markets such as Switzerland and Denmark. We can predict that they will eventually catch up to the stronger markets, but for now, job seekers have a difficult time finding employment and securing good wages in these countries.
Summary

Of the countries we looked at, the ones with the best labour market conditions are Switzerland, Denmark, Norway, the UK, and Germany. In general, the U.S. has better conditions than the EU. These strongest labour markets have low unemployment and higher wages, so job seekers in these countries have less competition from other applicants and a better chance of finding good wages. Employers may want to avoid these strong labour markets if they’re trying to lower hiring costs.

Greece, Spain, Italy, and Portugal are lagging behind in employment rates and wages. But comparing changes in these labour markets with their historical performance paints a more optimistic picture. Momentum in the worst-performing labour markets is building, meaning that if they continue to improve, they can eventually catch up to the stronger markets. While job seekers will have a difficult time finding work in these markets in the near future, employers will easily find new hires at affordable wages.
Appendix

Methodology

This index summarises a country’s overall labour market conditions in a single index number. A positive number means conditions are improving (positive ‘momentum’), a negative number that they are worsening. Zero means that conditions stay the same. The higher the number, the more conditions are improving — all relative to the country’s own historical average performance.

The GLMI is constructed using Principal Components Analysis (PCA), a technique adopted by a number of governments to guide economic policy.1 The values of principal components should be viewed as representing the ensemble of the selected indicators: they should not be seen as having a direct counterpart or analogue in any one economic indicator.

See Sources and Methods for full details.

1 For more information on PCA, and how to interpret the index, see Sources and Methods document.