

**Explaining individual job separations in the presence
of labour market sorting**

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In this paper individual job separations are analysed using employer-employee data. The analysis is conducted within the framework of a simple theoretical model in which the value of the match between the worker and the firm is a function of the individual component and the firm component. This partition is important in an empirical context due to sorting and a segregated labour market. In particular we argue that failure to account for both the individual and firm component simultaneously produce incorrect conclusions. One example is that in conventional studies where only the individual component is included, women will have higher separation probabilities than men. However when we take into account that women work in small low-paying firms this result vanishes. To further investigate the stability of job matches, information on the labour market states subsequent to a job separation is introduced. This additional information reveal that even though gender does not explain differences in separation rates the population of currently working women relative to men is more likely to separate from a job, become unemployed and to leave the labour market because of less attractive match characteristics. A decomposition reveal that 25% of the gender stability gap is due to differences in the individual component and the remaining 75% can be contributed to differences in the firm component.

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