



EUROPEAN POLICY BRIEF

NEGOTIATE

Overcoming early job-insecurity in Europe

THE NEED FOR GOOD QUALITY JOBS – YOUTH UNEMPLOYMENT FROM A WELL-BEING PERSPECTIVE.

November 2016

INTRODUCTION

Due to the Great Recession, the situation in the labour market in many European countries has deteriorated significantly. This is particularly evident in the increase in unemployment rates. In this context, it is important to emphasise that unemployment has a relatively greater effect on the most vulnerable group: youth. The OECD estimated that, between 2008 and 2014 alone, one in ten jobs held by workers under 30 disappeared. The recession has increased the gap between youth and adult unemployment. Young people are more likely to be unemployed when they have little education, are immigrants, have some kind of disability, have experienced the divorce of their parents or live in jobless and poor households. The situation of young unemployed people in many countries is very difficult, and they are usually not entitled to unemployment benefits – the primary safety net. In addition, it is worth mentioning that a spell of unemployment when young increases the probability of being unemployed in later years. It can also lead to a wage penalty. Previous studies have shown that even young people with higher education are hurt if they enter the labour market during a recession. It is suggested that people in early adulthood are more sensitive to macroeconomic conditions. Being exposed to a recession may have an impact on beliefs about life chances, and it makes people believe that succeeding in life depends more on luck than on effort.

EVIDENCE AND ANALYSIS

Studies of well-being among the unemployed argue that unemployment damages emotional health and leads to anxiety and self-doubt. Being unemployed can make people feel helpless – they start to believe that they have little influence over an important part of their life, i.e. finding a job. Unemployment does not just deprive people of income, but also of important by-products of having a job (time structure, social status, activity, participating in achieving collective purposes, social contacts).

Unemployment has been shown to have significant effects on individuals' subjective well-being, but also on the well-being of people who remain employed. It has been found to be more corrosive than inflation. Even in a long-term perspective, most people do not adapt to being unemployed. People who have suffered unemployment in the past need some time, even a few years, to return to their pre-unemployment level of life satisfaction. People who are not in education, employment or training (NEETs) report that they experience emotional difficulties on regular basis, are likely to avoid meeting people, are found to be less confident and are more anxious than their peers.

We find that there is good reason to reduce unemployment among young people. However, it seems to be questionable whether encouraging young people to take up any kind of employment leads to the desired effect. Viewed from the perspective of subjective well-being in this brief, we stress the role of good quality jobs and the negative role of job-deprived areas in relation to reducing youth unemployment.

POLICY IMPLICATIONS AND RECOMMENDATIONS

Good quality employment. While (un)employment statistics show that the labour market in some countries is performing well (e.g. Poland, the UK), this is sometimes due to poor quality, precarious and temporary jobs. If we assume that the motivation to find a job partly depends on how much someone's subjective well-being is likely to increase after finding a job, in the case of low-quality jobs, it only promises a 'small premium due to being employed'. Conversely, a person losing a job of poor quality does not experience a significant decrease in her quality of life.

It is widely accepted that being without a job is something negative. Both theoretical and empirical studies indicate that involuntary joblessness reduces self-esteem, dignity and social inclusion. Unemployment is also corrosive for relationships and health. The axiom 'any job is a good job' seems to be particularly relevant for people who face the most serious problems in the labour market, and it is mirrored in many countries' workfare policies. However, recent studies show that the psychosocial quality of bad jobs has a worse effect than unemployment. People moving from unemployment to good-quality jobs improve their mental health and well-being, while those who move to poor-quality jobs often experience a deterioration in their mental health (compared to those who remain unemployed). Another aspect is that people in poor-quality jobs are more likely to be afraid of losing their jobs, which effectively reduces their well-being. In this context, it is worth asking whether finding employment at any price leads to positive effects. It is reasonable to question whether it is correct to evaluate policies solely based on the number of unemployed people who become employed.

Unemployment norms. Studies of unemployment suggest that the effects of unemployment on subjective well-being partly depend on the unemployment rate in the area in question. The negative consequences of unemployment can be neutralised by a high unemployment rate in the area a person lives in. The social status and identity of an unemployed person seems to be 'protected' by the fact that others – friends, neighbours, relatives, partner – are also affected by lack of work. In this case, they are able to legitimise their joblessness, and many people may not feel obliged to look for a job, especially if families are willing to shield family members from the adverse consequences of unemployment. This observation leads

us to stress the need to concentrate policy efforts on the most deprived areas in order to eliminate the neutralisation effect.

Our research on subjective well-being highlights the importance of implementing policies that reduce youth unemployment, especially long-term unemployment. Moreover, policymakers should be aware that what matters is not just the number of people in employment but the quality of that employment. Furthermore, particular attention should also be paid to regions with high unemployment, since social norms in such areas may lead to a long-term reduction in the willingness to take up employment.

RESEARCH PARAMETERS

NEGOTIATE is a three-year, EU-funded project (EU contribution: € 2,476,609) exploring early job insecurity in Europe. It is organised around nine complementary work packages structured over three stages.

Stage 1 consists of an assessment of early job insecurity and youth unemployment as a theoretical challenge, leading to a refinement of the overarching analytical framework (Work Package 2). The purpose here will be to ensure that the implementation of subsequent research tasks is underpinned by a common analytical framework that is shared by all consortium members, i.e. across discipline and country boundaries.

As part of Stage 1, we will also review existing empirical work with a view to operationalising new tools for capturing the drivers and consequences of early job insecurity.

Overall, Stage 1 prepares the ground for the implementation of a set of complementary empirical research tasks, which together address, at both the micro- and macro-level, the causes and consequences of early job insecurity and youth unemployment seen from different conceptual and theoretical angles.

Stage 2 is the main stage of the project. This is where data will be collected and interpreted according to thematically linked but analytically separate questions and foci (Work Packages 3-7). The project will rely on a combination of primary and secondary data.

Stage 3, the final project stage, will synthesise the findings from the thematic work packages (WP3-8). We revisit the overarching questions posed at the start of the project (Work Package 2) and assess policy with the aim of developing policy recommendations (Work Package 8). This will build on the new comparative insights gained through the data analyses in Stage 2.

The formulation of policy recommendations will take place in close cooperation with stakeholder representatives, who have been included in the development of the project from its outset, thereby maximising its intended impact.

By involving stakeholders as well as young people themselves in this process, we ensure that the questions that are most relevant to the policy community in each country and at the EU level will be addressed.

Research outputs from the project will be presented in a series of Policy Briefs, conference papers, peer-reviewed journal articles and two edited books, including a student open access electronic educational resource.

More detailed accounts of this work are available on the project website: www.negotiate-research.eu

PROJECT IDENTITY

PROJECT NAME NEGOTIATE – Negotiating early job insecurity and labour market exclusion in Europe

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WEBSITE

www.negotiate-research.eu

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