

EUROPEAN



# POLICY BRIEF

## NEGOTIATE

Overcoming early job-insecurity in Europe

### Consequences of early job insecurity and labour market marginalisation: Subjective and objective well-being

**NEGOTIATE Policy Brief no. 3 - November 2016**

#### INTRODUCTION

One of the important objectives of the NEGOTIATE project is to go beyond analyses that are centered solely in the labour market, and to study the consequences of early job insecurity on other aspects of young people's lives in Europe. In particular, we are interested in the objective and subjective consequences of the high levels of joblessness and economic uncertainty that was brought about by the Great Recession.

The NEGOTIATE project measures and assesses the objective and subjective consequences of early job-insecurity in Europe using a mix of quantitative and qualitative approaches. To measure the *objective* consequences NEGOTIATE has looked at the level of income, material deprivation and the consumption of legal and illegal drugs. The *subjective* consequences have been assessed paying special attention to happiness, life satisfaction, health satisfaction, job satisfaction, level of aspiration, stress and depression levels as well as the level of trust in state institutions and society.

#### DATA AND METHODS USED

NEGOTIATE combined the use of several datasets, namely, the European Union – Statistics on Income and Living Conditions (EU-SILC), the European Union – Labour Force Survey (LFS), and several waves of the Eurobarometer Survey 'Young people and drugs', with the objective of gaining a more nuanced understanding of the consequences of unemployment and overall job insecurity beyond those observed directly from the labour market.

Further, to investigate the relationship between job insecurity and well-being among young people, three independent datasets (SOEP for Germany, Understanding Society for Great Britain, Social Diagnosis for Poland) have been analysed. Using data from the European Social Survey a comparative perspective was added in order to identify the macro (country-level) factors that influence the strength of the relationship between employment and the level of individual wellbeing.

Finally, based on life course interviews, the NEGOTIATE team has investigated how three different generations (born around 1950, 1970, and 1990) in seven European countries have experienced early job insecurity as young people and young adults, with particular attention on aspects of personal life satisfaction and overall social trust.

## MAIN FINDINGS

**Earnings and labour market volatility.** The study provides new evidence of earnings and labour market volatility of young workers across Europe during the Great Recession. Results show large earnings disparities and labour market volatility trends across Europe. In Northern Europe, volatility is mostly due to changes in wages (rather than exits from the labour market), while in Southern Europe, volatility comes in the form of transitions in and out of the labour market

**Early job-insecurity and drug consumption.** NEGOTIATE's findings on drug consumption indicate a positive relationship between the level of unemployment and cannabis consumption among young Europeans. We have identified within-country (and within-region) changes in the use of cannabis with regard to within-country (and within-region) changes in indicators of job insecurity. The same is true for the use of new substances that imitate the effects of illicit drugs. Results show that an increase of 10 percentage points in the total unemployment rate at the regional level is associated with an increase of 6.8 percentage points in the number of young people who have used cannabis at some point in time. In the case of new substances, the figure is 4.9 percentage points.

In addition our results establish an association between rising unemployment rates and young people's opinion of which are the most effective measures to be used to combat the problems that drugs cause in society.

**Early job-insecurity and wellbeing.** The estimated association between unemployment and wellbeing can be explained to a large degree by the direct non-financial (psychological) aspect of job loss. The incidence of unemployment, both present and past, is found to have a negative effect on individual wellbeing. People moving from unemployment to good-quality jobs improve their mental health and well-being; while those who move to poor-quality jobs 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, less satisfied with their financial situation, and more afraid about the future; this effectively reduces their well-being and decreases their chances in the labour market. Long-term effects may be attributed to the scarring effects of unemployment. Our research suggest that men suffer more from unemployment than women do. This is partly explained by the greater importance of work for generating social status for men.

The relationship between unemployment and the level of trust was much weaker and explained mostly by the indirect income effect of a reduced income associated with job loss. It should be stressed that the unemployment's effect on well-being varies amongst individuals, groups, and countries.

The comparative part of the analysis identified associations between employment status and wellbeing. At the level of descriptive statistics, the strength of the employment-wellbeing relationship seemed to

correspond with the quality of employment and the type of the school-to-work transition system. However, more sophisticated analyses that operationalized the school-to-work transition systems and employment regimes through a set of macro-level variables did not confirm these findings. Only two macro-level variables turned out to be statistically significant determinants of the employment-wellbeing relationship: GDP per capita, and the expenditures on labour market policy.

Also it was found with regards to unemployment norms, that the negative consequences of unemployment are neutralised by a high unemployment rate in the geographical area where a person lives. The social status and identity of an unemployed person seem 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.

**National and individual experiences of early job-insecurity.** The data gathered from the life story interviews reveal that there are significant differences both between and within countries concerning the impact of the recessions on the lives of young adults. However, there are also strong similarities in how unemployed individuals perceive their lives, across national borders and welfare regimes. The majority of the interviewees have been, or still are, affected by job-insecurity, unemployment or economic exclusion. They believe that more individually tailored services could help to improve their situation in the areas of education, employment services, and employer practices.

## POLICY IMPLICATIONS AND RECCOMENDATIONS

According to young Europeans, when the economy worsens, policies should focus on the reduction of poverty and unemployment. Viewed from the perspective of subjective well-being in this brief, the role of good quality jobs is stressed. Policy improvements are suggested on:

- *Reduction of poverty and unemployment*, rather than tougher measures against drug users. Our findings (indirectly) indicate that young people are well aware of the economic environment in which they live and its possible association with substance use.
- *Attention on countries and regions most affected by unemployment*. Our results on drug consumption have important consequences for anti-drugs policies targeted at young people across Europe. Countries and regions where unemployment has increased most are the places where drug consumption has increased as well. Policy makers should also listen to young people's opinion as the most effective way to deal with the problems that drugs cause in the society: It is not a question of establishing tougher measures against users, it is about offering a future to young people.
- *Good quality employment and legislation monitoring*. The findings concerning effects of good vs bad quality jobs on wellbeing reveal the need for better monitoring of existing legislation to protect workers from precarity and exploitation by employers.
- *Better access to more robust apprenticeships*. The results of the studies suggest that unemployed people expect government to encourage companies to offer apprenticeships to a greater extent than today to take on young people. However, it has been emphasised that this needs to be implemented for a decent wage-level and not as a cheap or free labour.
- *Individually tailored governmental services*. Many unemployed young people feel that the employment agency caseworkers perceive them as a "number" and not an individual with unique resources and needs. As a consequence they feel that their skills and experiences are overlooked. In many countries there is a need to develop a more individualistic approach within labour market services, taking into consideration the variety of situations of the young.
- *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. This observation leads us to stress the need to concentrate policy efforts on the most deprived areas in order to eliminate the neutralisation.

## 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 have been 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 disciplinary and country boundaries.

As part of stage 1, we have reviewed existing empirical work with a view to operationalizing 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 approach, at both the micro- and macro-level, the causes and consequences of early job insecurity and youth unemployment from different conceptual and theoretical angles.

**Stage 2** represents the main stage of the project. This is where data will be collected and interpreted according to thematically linked but analytically separable 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, synthesises the findings across 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 from Stage 2.

The formulation of policy recommendations will take place in close cooperation with stakeholder representatives, who are 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 most relevant to the policy community in each country and at an 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 is available on the project website: [www.negotiate-research.eu](http://www.negotiate-research.eu)

## PROJECT IDENTITY

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

**COORDINATOR** HiOA – NOVA Norwegian Social Research  
Oslo, Norway, [www.hioa.no/nova](http://www.hioa.no/nova)

## CONSORTIUM

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## DURATION

01 March 2015 – 28 February 2018

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## BUDGET

EU contribution: € 2,476,609. Total budget: € 2,919,233

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## WEBSITE

[www.negotiate-research.eu](http://www.negotiate-research.eu)

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## FOR MORE INFORMATION

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