



Measuring economic precarity among UK youth during the recession

What are the key aspects of economic precariousness and which are most relevant to analysing young people's lives? In this study we use data from the United Kingdom Household Longitudinal Study (UKHLS) to identify the proportion of men and women aged 18-34 who might be considered to be in an economically precarious situation and investigate how the dimensions of precariousness are interrelated. This paper summarises findings from the CPC Working Paper 55.

Key Points

- Young adults face increased economic uncertainty as a result of unemployment and the growth of low-paid and often part-time employment.
- Temporary contracts are concentrated among the youngest age groups and are found to be relatively uncommon among those in their late twenties and early thirties.
- Part time working among non-students is common in young adulthood– for example 14% and 21% of employed men and women aged 22-24 are in part-time work.
- Whilst occupational mobility does occur across the young adulthood phase, one in five employed men and women aged 30-34 are in a semi-routine or routine job.
- Young adults working in semi-routine or routine jobs face multiple facets of precarity: they are more likely to be in the lowest income quartile, work part-time and to be on a temporary contract.

Introduction

Young adults face increased economic uncertainty as a result of unemployment and the growth of low-paid, insecure and often part-time employment. This research is motivated by the need to identify how we can measure economic uncertainty among young adults, to identify which groups are most at risk of economic uncertainty and to assess how economic precariousness differs across genders and across the young adult age range.

The study

The aims of this research are:

- To explore how different aspects of precariousness can be measured using quantitative data;
- To use these indicators to provide estimates of precarity amongst young people aged 18-34;
- To examine how the different dimensions of precarity are interrelated.

We use data from the first wave of the United Kingdom Household Longitudinal Study (UKHLS) which was conducted in 2009/10, at the height of the economic downturn. By looking at men and women separately and breaking the analysis down by age we get beneath aggregate summary statistics and provide new insights into how young people’s experience of employment changes across the young adult age range.

Main findings

What indicates economic precariousness among young adults?

Three dimensions of economic precariousness are identified from the literature:

- 1) Labour market precarity, which relates to whether the respondent has a job, occupational mobility and income security;
- 2) Precarious employment relations, which includes whether the individual is working less than full time, or is on a temporary contract;
- 3) Precarious social and political relations, which includes access to welfare benefits and acknowledges the role that partners, parents and other family members play in avoiding economic precariousness.

This work provides evidence on the first two dimensions.

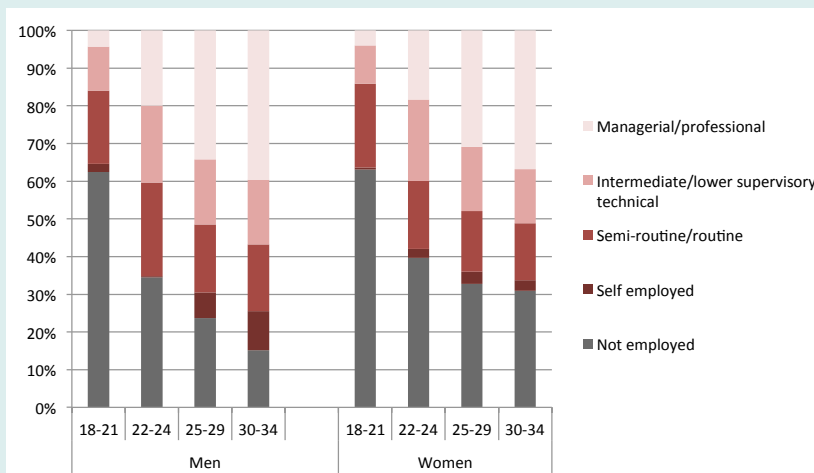
Unemployment and Not in Employment, Education or Training (NEET) status

Unemployment is generally higher among young men than among young women, and peaks for men in their early twenties (16% of men aged 22 - 24). If unemployment is used as an indicator of economic uncertainty young men appear more precarious than young women. However, if not being in employment, education or training is taken as an indicator of vulnerability, the greater tendency for women to undertake family care means more women are classified as precarious than men (24% of women aged 22-24 are NEET compared to 18% of men).

Occupational mobility

Occupational mobility is related to labour market security. In the UK, young people in particular have been affected by increased casualization of the labour market because they tend to be concentrated in elementary jobs in sectors such as retail and hospitality. We find over half of employed 18-21 year olds, (one in five of all 18-21 year olds) are in routine or semi-routine jobs (Figure 1).

Figure 1: Percentage of young adults in occupational class by gender and age group, UK



Source: author’s analyses of UKHLS, wave 1, 2009/10

Note: “Not employed” includes the unemployed and those economically inactive e.g. students and individuals undertaking family care.

Whilst many young adults rise up the occupational hierarchy as they age and gain appropriate experience and qualifications, a sizeable proportion, about one in five employed young adults, remain in a semi-routine job in their early thirties. 10% of all men aged 30-34 report themselves as self-employed ('Small employer and own account workers', Figure 1). Whilst for some individuals this represents entrepreneurial success, we find a significant proportion of self-employed in the lowest personal income quartile, suggesting that for others low-paid self-employment is a new form of precarious work.

Temporary contracts

Relatively few men and women are on temporary contracts, especially if compared with figures published for other European countries. However, temporary contracts are most prevalent among those aged 18-21 (around 16% of those in work), declining to around 12% among employed 22-24 year olds and 7% for those aged 25-29 and 30-34.

Part-time work

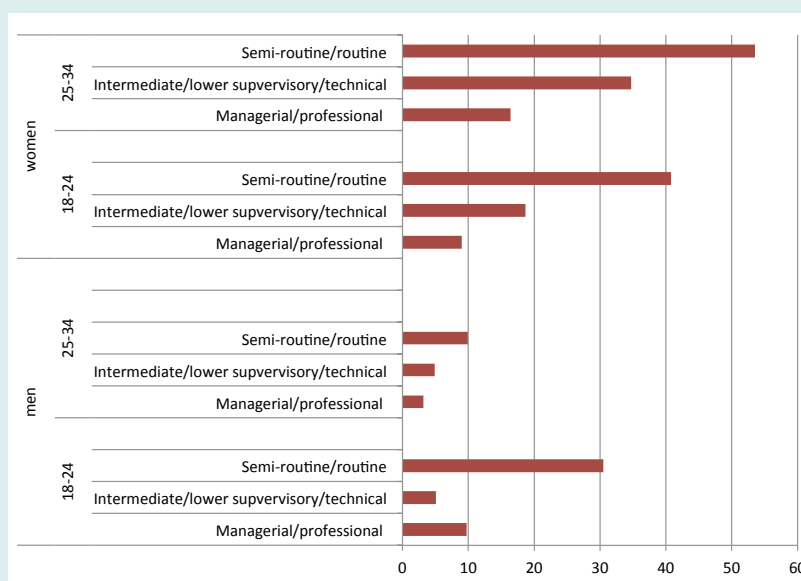
Employment insecurity resulting from part-time work is far more common than temporary contracts

among UK youth. Among those whose main activity is 'employed' (i.e. excluding students) almost one third of women aged 18-21 and one in five men aged 18-21 are working part-time. Comparable figures for those aged 22-24 are 14% and 21% respectively. Whilst part-time working is much less common for men aged 30-34 (around 6% of those employed), around one third of women in their early thirties work less than 30 hours a week.

Young adults often face multiple dimensions of precariousness

Young adults working in semi-routine and routine jobs often face multiple aspects of economic insecurity: they are more likely to be in the lowest income quartile, on a temporary contract and to be working part-time (Figure 2). Among young men aged 18-24, three times as many routine/semi-routine workers are working part-time compared to those in managerial and professional jobs (30% versus 10%). The association between semi-routine and routine jobs and part-time work is especially strong for women aged 25-34. Over half of the women in semi-routine and routine jobs are part-time workers compared to 16% of women in professional and managerial occupations (Figure 2).

Figure 2: Percentage of employed men and women who are part-time according to age group and occupation, UK



Source: author's analyses of UKHLS, wave 1, 2009/10

The association between routine and semi-routine work and temporary contracts is strongest at younger ages: 18% of men and 15% of women aged 18-24 in routine and semi-routine jobs are on temporary contracts. Above age 25 most of those those employed, including those in routine and semi-routine jobs, are on permanent contracts. For men in particular there is a strong association between being on a temporary contract and working part-time, and between temporary contracts and low personal income.

Policy implications

Our analyses suggest that it is not just those at the start of their working career who are concentrated in relatively low paid work: one in five men and women in their early thirties are in semi-routine or routine jobs. Policies need to be developed to support pay and skills progression among

young adults working in such jobs. In addition, uncertainties associated with the increased number in self-employment need to be recognised since those in this group may face more difficulty making stable transitions to adulthood.

Temporary contracts were not found to be as widespread as they are in other European countries, suggesting that UK labour market adjustments have tended to relate to increased wage inequality, whereas for example in Mediterranean countries the adjustments have been based on an increased inequality in job security. However, a significant proportion of young adults work less than 30 hours a week, consistent with recent studies highlighting the rise of short hours and zero hours contracts. The Government needs to consider how best to regulate these types of contracts to help support young adults make successful transitions to adulthood e.g. to independent living, forming successful and stable families.

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