

Life-course insights on unemployment:

What can policymakers learn from the Dynamics of Inequality Across the Life-course (DIAL) research?

Key Findings

- The education and working lives of adolescents and young people continue to be negatively and disproportionately affected by unemployment – young people need greater support at school and as they move into work
- Persistent unemployment is associated with relationship breakdown, and even a short spell of unemployment for men increases this risk
- Past unemployment is a clear indicator of future and persistent unemployment – better access to individual and tailor-made support is needed for those out of work for 12 months or more
- Well-off workers are as vulnerable to the consequences of unemployment as less well-off although those on very low incomes remain most vulnerable
- The second generation of immigrant origin is no more likely to be persistently unemployed than people with native-born parents

Contributing Projects

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Editors

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About DIAL

Dynamics of Inequality Across the Life-course (DIAL) is a multi-disciplinary research programme consisting of thirteen European projects. The projects examine the sources, structures and consequences of inequalities in contemporary societies. The programme is funded by NORFACE for the period 2017–2021.

Policy context

The EU is committed to the consideration of the objective of a high level of employment when defining and implementing all of its policies and activities. The European employment strategy¹ has a series of common objectives and targets for employment policy and aims to create more and better jobs throughout the EU. Although EU labour market conditions and workers' rights have significantly improved in recent years, unemployment and the consequences of the Covid crisis² remain challenges for the European Union while working towards quality jobs and a socially inclusive Europe.³

The EU's reinforced Youth Guarantee⁴ is a commitment by all Member States to ensure that all young people under the age of 30 receive a good quality offer of employment, continued education, apprenticeship, or traineeship within a period of four months of becoming unemployed or leaving education.

Unemployment in the EU steadily increased between 2008 and 2013, after which point it decreased. The Covid-19 pandemic led to a sharp but temporary rise in 2020. In August 2021, Eurostat estimated that approximately 14.5 million people in the EU were unemployed - down 224,000 on July 2021 and down nearly 2 million on August 2020.⁵

There has been a rise in support for radical right politics in Europe in the last few decades and it has been argued that this, in part, has been driven by negative shocks to employment.

State benefits

The role of state benefits in protecting the unemployed is key, but these are designed and implemented differently across countries.

DIAL research looked at loss of income caused by unemployment and how that was mitigated by state benefits in the UK and Switzerland.⁶ It shows that in the two years following unemployment, individual work income fell by 25 and 55 % in the UK and by 20 and 25 % in Switzerland.

Income losses were smaller among the working class, leading the researchers to conclude that more advantaged individuals who become unemployed are just as vulnerable to its

consequences as the less advantaged, and that the UK benefits system exposes people from all social backgrounds to great economic insecurity.

Persistent unemployment

Large-scale data from Denmark, the UK, France, and Italy were used to show that an individual's chances of being unemployed were higher for those unemployed in the previous year, with a net causal effect of past risks on subsequent ones. Unemployment persistence was much greater in France and Italy than in the UK and Denmark.⁷

The researchers conclude that risk factors, past exposure and personal issues can be cumulative, placing those who are already vulnerable at greatest risk of both experiencing and remaining trapped for longer periods in unemployment.

Research in Sweden showed that, on average, children of native-born Swedes were no less likely than children of immigrant workers to be persistently unemployed.⁸ Individuals whose parents had migrated to Sweden were, however more likely to be or become unemployed in the first place, especially those whose origins were outside the Nordic countries and Western Europe.

Work and family lives

It is often said that the work and family lives of people in Europe have become more unstable and complex over past decades. DIAL research put this anecdotal claim to the test using data from 30 European countries.⁹

The research showed that family lives have only become more complex in the Nordic countries, but there has been a moderate increase in employment instability among the youngest generations across most countries.

Before young people even make the move into work, their education can be seriously disrupted by having a parent/parents who are unemployed. Analysis of Finnish data showed children's grades as well as their transitions into secondary and post-school education at 18 were negatively affected by parental spells of unemployment.¹⁰ The research showed this was not related to family income, but rather the actual experience of unemployment itself.

Couples

The complex interplay between relationships and unemployment has been a major focus for DIAL

research which has shown some interesting changes over time and produced new insights around what else is at play.

The research shows that employment setbacks and relationship breakdown often follow one another closely.¹¹ This is partly due to common underlying factors such as personality traits, but a period of unemployment did increase a couple's risk of relationship breakdown.

For women, the risk grew with length of time spent unemployed. For men the greatest risk was either in the early stage of unemployment or if the situation dragged on for years.

This work also found that most people who lost a job found a new one without actually entering a period of unemployment, and therefore saw no greater risk of relationship breakdown. Fostering continuity of employment even after a job loss – for men in particular – therefore appears key to softening the impact on couples and families.

When employment setbacks and relationship breakdown occur together, this threatens to lead to social isolation and health problems. DIAL researchers studied people in the UK who were both divorced/separated and also unemployed (DSU).¹² Lower educated individuals were particularly likely to be DSU. Women were initially more likely to be DSU than men, but this gap decreased over time and disappeared by 2017.

The number of UK people in this DSU state fell dramatically between 1984–2017 to fewer than 150,000, despite a rising divorce rate. This was due to falling unemployment but also a weakening of the link between the two states.

The researchers concluded that the divorced/separated have become more like the general population in terms of their unemployment risk, possibly due to greater acceptance of divorce in society or policy changes in the late 1990s that made it easier for separated women to find work.

Separate research looking at how unemployment affects the risk of separation for heterosexual couples in Germany and the UK showed a doubling of the separation rate from 0.9 to 1.6 percent after an unemployment spell.¹³

The picture was the same whether it was the man or the woman who was out of work, indicating that being out of work undermines relationship stability equally.

Couples in the UK with low incomes were more likely to separate than their higher earning peers. This was not the case in Germany, something the researchers say can be explained by differences in welfare states with the UK providing weaker income protection to the unemployed.

The findings support theories that the stress and strain of unemployment spells increases the risk of separation, but contradict the idea that the financial costs of separating might be a reason for couples staying together.

Health

The financial consequences of unemployment are often considered, but of increasing concern is the way in which unemployment impacts people's health and whether or not those impacts differ between more traditional/egalitarian societies. DIAL research looked at three pairs of contexts: (i) Italy and Sweden between 2004 and 2015, (ii) East and West Germany between 1992 and 2016, and (iii) younger and older cohorts in Germany between 1992 and 2016.¹⁴

In both Sweden and Italy unemployed women suffered fewer self-reported health problems than men. The gap was wider in Italy. Similar results were obtained when comparing East Germany with West Germany. In West Germany older workers reported poorer health than younger workers.

Unemployment increased the risk of bad health by 8.4 percentage points for men and 5.2 percentage points for women in the older group, but by 5.8 and 3.6 percentage points for men and women, respectively, in the younger group.

The politics of unemployment

Recent rises in support for radical right parties in countries across Europe was the backdrop to DIAL research investigating possible links with unemployment.¹⁵

Data from Sweden showed that for every layoff notice among low-skilled native-born workers, support for the country's radical right party the Sweden Democrats increased by, on average, 0.17 to 0.45 votes.

The relationship between layoff notices and support for the Sweden Democrats was stronger in areas with a high proportion of low-skilled immigrants, and in areas with a low proportion of high-skilled immigrants. Low-skilled voters in the

study who reported that their job was ‘at risk’ were also more likely to vote for the Sweden Democrats. The opposite was the case for high-skilled voters.

Further recommendations

- Counselling and better information in schools to help mitigate the negative effects of parental unemployment on young people’s educational choices and achievements
- Job creation schemes and in-work training for those workers who have previously been unemployed
- Fostering and supporting continuity of employment even after a job loss (especially for men) could help soften the impact on couples and families
- More equal distribution of social roles could help both men and women to reduce the negative health consequences of unemployment. Social and labour policies targeting men and fathers should facilitate their greater involvement in family life, while those aimed at women should focus on greater integration into the labour market
- Stronger employment protection legislation and policies outlawing discrimination in hiring practices might be useful in improving the long-term prospects of migrants and their descendants.

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